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# West Europe Report

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5 January 1984

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## GOVERNMENT ATTACKED FOR SELLING OUT ON EUROMISSILES

Copenhagen BERLINGSKE TIDENDE in Danish 21 Nov 83 p 9

[Commentary by 'Monitor']

[Text] Today the Monitor column points out that under pressure from the Social Democrats the government has dropped its favorite issue--security policy. Out of concern for its own survival the government has brought Denmark as close to a real repudiation of the dual decision (the missiles) as one can without doing so formally. The principles are gone--sold for a bowl of pottage.

The government parties have stated that security policy is their favorite issue and they have not stinted on big words in recent years. The prime minister has deplored the fact that a 34-year period of agreement on Danish security policy has been broken. The foreign minister has talked with great concern about how we are losing our credibility. And government party spokesmen have played the Social Democrats for their opportunism on the missile issue.

But what is happening? Despite the seriousness of security policy, the government is now accepting a new change in Denmark's policy. And what is the justification? The government is unwilling to take the consequences of its heartfelt standpoints. It wants to have its cake and eat it too. But it is not a pretty sight.

However if the government does not want to resign but to continue to be in power without having power it will have to stop using the bombastic language about the importance of the security policy issue. For actions speak louder than words. On the other hand if the government means what it says, its only choice under the Danish constitution lies between stepping down or calling for a new election. There are several examples of this in Danish parliamentary history, such as the time when the Hedtoft government resigned in 1950 after a resolution went against it. But that of course involved the date to end butter rationing.

The problem of credibility in relation to other countries was illustrated clearly for both the foreign minister and the defense minister at the NATO meetings in June. The reaction of the other participants was not due so much to the substance of the resolution of 26 May. Most were familiar with the views it expressed from the political debate in their own countries. No, the amusement and the sarcasm were due to the unheard-of situation that a government could and would remain in power and express views it obviously did not care for.

Of course--as we have often pointed out in this column--the Social Democrats must bear the major responsibility for the situation that has arisen. But the government must share some of the responsibility. Its repeated previous statements that it was willing to accept the continued drift in Social Democratic standpoints provided extra leeway so that the party could play its game without any cost to itself. The fact that this was untenable even in internal Danish politics was demonstrated quite clearly--for those who had not already realized it--in connection with the CD [Center-Democratic] party congress last weekend. Here the chairman of the Folketing Defense Committee, Poul Emmert Hansen, gave dramatic but incorrect information that first had to be modified by Erhard Jacobsen and later repudiated by the foreign minister.

Nor was the credibility of the government's security policy principles strengthened by Erhard Jacobsen's statements on the TV news program, "Aktuelt." He said that even in the event of a further intensification of the Social Democratic position it was not certain that the government would choose to hold an election if "the missile hysteria at the time chosen would be at its height" so that the government parties might risk losing the election.

Erhard Jacobsen's other main argument was that one had to consider the need for cooperation with the Social Democrats in connection with the next Defense Act. CD's elected chairman thought in other words that totally giving in to the Social Democrats on security policy is a prerequisite for an acceptable Defense Act next fall. But by then the Social Democrats will probably know that they can get whatever they want, since the government parties will have no principles left. They will have sold their birthright for a bowl of pottage.

We can convince ourselves that the sell-out has already taken place by looking at what has happened with Danish security policy in the past year. Denmark is now as close to a real repudiation of the dual decision as one can be without having rejected it formally. And it is this policy that the government--in spite of all the vague expressions of distaste--has accepted and must faithfully administer. The government parties refrained from voting against the resolution of 3 November, even though it was a sharper version of the resolution of 26 May, which they did vote against. No matter which way one turns this the political interpretation has to be that the government today is less unwilling to administer the views in the resolution than it

was half a year ago. In other words, it is not only the Social Democrats who are shifting ground.

The most likely thing is that within a few weeks we will get the next resolution which will formally reject the dual decision. But since that would be such a minor change in relation to the resolution of 3 November the government will not make that into a cabinet issue either.

This whole development shows how by using the salami tactic (one slice of salami at a time) the security policy majority has been able to totally change Denmark's security policy without the government having to do anything. Each slice has been so thin that the government has been able to convince itself that it was too insignificant to be a question of principle. But what about the bottom line?

Things have gone even faster with regard to a Nordic nuclear-free zone. No one had any doubt a year ago what the government parties thought about that. But on 10 November the government accepted a resolution that required it to "actively work to keep Denmark free of nuclear weapons by establishing a Nordic nuclear-free zone." The Social Democratic spokesman did not hide the fact that this involved a sharpening of Denmark's former position. He said on the radio news that we should work actively for such a zone, "preferably" (but not, as in the past, necessarily) in a broader European context.

This means supporting the idea of an isolated Nordic nuclear-free zone that is not tied to a requirement for a broader arms control arrangement in Europe. As has been shown in numerous analyses, the practical consequences of such an arrangement would be Denmark's withdrawal from NATO military co-operation, no matter what Lasse Budtz says.

But that is not all. In the Folketing debate the prime minister said (probably without thinking it over) that he supported the idea of a zone arrangement with superpower guarantees. Does that mean that the present government supports a Nordic security policy arrangement that gives the Soviet Union the right under international law ("droit de regard") to intervene in Danish security policy? Or was it just a slip of the tongue?

This year it is exactly 100 years since Viggo Horup formulated the classic question on Danish defense policy: "What is the point?" Is this the same question the four-party government, with singleminded concern for its own survival, is asking without finding any answer?

6578

CSO: 3613/46

## MINISTER DENIES CONSULTED WITH ALLIES BEFORE TNF DEBATE

Copenhagen BERLINGSKE TIDENDE in Danish 2 Dec 83 p 3

[Text] Defense Minister Hans Engell (Conservative Party) denied categorically that the Danish government consulted with its NATO partners before or after defense and security debates in parliament.

In his response to the defense committee in parliament, however, the defense minister stated that at NATO and other bilateral meetings, the government attempted to "work for Danish security and defense interests, as defined by the political debate in parliament and at other forums."

The response to the defense committee followed statements made recently by the committee chairman, Poul Emmert Andersen (Center-Democratic Party) at his party's national congress, namely that the defense minister had consulted with members of parliament in other NATO countries before defense and security policy debates in parliament.

"I believe it is neither possible nor desirable to set limitations on what subjects members of parliament, in their capacity as elected representatives, may discuss with colleagues from the parliaments of other countries," Hans Engell said.

9336

CSO: 3613/50

## LEADING SDP OPPONENT OF HIS PARTY'S TNF POLICY IS GIVING UP

Copenhagen BERLINGSKE TIDENDE in Danish 2 Dec 83 p 9

[Article by Lisbeth Knudsen and Michael Ehrenreich]

[Text] A deeply disappointed Robert Pedersen is considering leaving politics following the Social Democrats' unsuccessful attack against Foreign Minister Uffe Ellemann-Jensen.

"I will always vote for the Social Democrats, but it is extremely unpleasant to go against my own party. For this reason, I want to consider the situation together with my family," said Robert Pedersen, who has been a Social Democratic member of parliament from Ringkøbing since the 1971 elections.

During the party's group meeting earlier yesterday, Robert Pedersen announced that he could not support the Social Democratic proposal for a vote of no confidence against the foreign minister. During the debate in parliament Robert Pedersen, in an emotion-charged speech, called on former Prime Minister Anker Jørgensen to withdraw the proposal.

The Social Democratic member of parliament pointed out that the no-confidence vote would "end the political forbearance that long has been one of the most valuable Danish political traditions." He added that sticking to this proposal would "require that we call a man dishonest and force him out of his office."

"I do not have the heart to say that the foreign minister is lying. A no-confidence debate is punishment enough for the minister. People just outside the doors of this building must be saying to themselves: they are out to get the foreign minister. I believe we should discuss principles and not personalities here," Robert Pedersen said.

"After this, how will we ever be able to make May Day speeches and say what we believe? After all, we are not Prussians in this country."

"The government's respect for parliament was expressed in Poul Schlüter's somewhat official sounding speech and that is good enough for me. Resolutions in parliament normally are used as an emergency brake for parliament, but

recently they have become a hand brake that is always on," a shaken Robert Pedersen added.

In recent years, Robert Pedersen has been highly critical of the Social Democrats' change of course in foreign and security policy matters. He abstained from voting on the resolution of 26 May and at the Social Democratic Party Congress in September he attempted unsuccessfully to change the mood of the delegates. Previously he had joined with former parliamentary chairman K. B. Andersen in a petition drive against the present course of the party leadership.

"I will now discuss my political future with my wife. She is much smarter than I am," said Robert Pedersen, who rejected the idea of remaining in parliament as an independent.

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CSO: 3613/50

## BRIEFS

PETITION AGAINST EUROMISSILES--The national campaign called Stop the Nuclear Missiles has gathered 150,000 signatures in opposition to nuclear weapons in Europe and against the deployment of 572 medium-range missiles by NATO countries in Western Europe. The petition drive ended on 1 December, but Karl-Erich Brink of the national campaign said that the number of signatures would increase as his office received more petitions. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 2 Dec 83 p 3] 9336

CSO: 3613/50

## BODSTROM ACCUSED OF BEING INCONSISTENT ON NORDIC 'ZONE'

Stockholm SVENSKA DAGBLADET in Swedish 2 Dec 83 p 3

[Op Ed Article by Olle Stenholm]

[Text] The Swedish government wants to be a driving force on the zone issue. Therefore it should not give the rest of the world a contradictory picture of where Sweden stands on the central issue which the process of setting up the zone represents. That is what Olle Stenholm writes and he maintains that the standpoints presented by the foreign minister cannot be reconciled with those expressed by the prime minister.

Olle Stenholm is foreign affairs director of TV 2's "Report."

In 1983 the Swedish government started to pursue the question of a Nordic nuclear-free zone less urgently.

It showed greater understanding for the view that Norway and Denmark due to their NATO membership had to evaluate the zone question not just in a Nordic context but also in a broader West European and North American context.

The official policy was set forth in a cautious but clarifying speech by Prime Minister Palme to the Paasikivi Society in Helsinki on 1 June.

The basic element was that the zone should consist of the land and sea territories of Denmark, Finland, Norway and Sweden. These countries would pledge not to station nuclear weapons in their region either in wartime or in peacetime. In return the nuclear powers would pledge not to use or threaten to use nuclear weapons against the region. There would be a diminished zone in the immediate vicinity of the four countries. The Baltic Sea would be free of nuclear weapons.

The speech was very carefully prepared. It met the high requirements of diplomatic professionalism which the Swedish people have the right to impose on those responsible for foreign policy.

Therefore it was even more striking when Foreign Minister Bodstrom in another speech in Helsinki on 25 October presented an important line of thought that was not found at all in the prime minister's speech on 1 June.

The foreign minister said that a zone should be created first through an agreement reached by the Nordic countries on rejecting nuclear weapons in peace and war. Secondly, "a supplemental agreement should be set up, which would not actually have to happen at the same time" in which the nuclear powers would pledge not to use or threaten to use nuclear weapons against the Nordic countries.

#### Precondition

A zone process in two stages has no support at all in Palme's speech of 1 June.

It is true that he said nothing explicitly about having all those involved act simultaneously. But it is apparent that this was the intention. He talked about a combination of commitments from all the parties concerned. He said that commitments on one side should be matched by promises from the other and that it would take careful consideration and negotiations to bring this about.

There is an important addition in Prime Minister Palme's speech in English to the North Atlantic conference (NATO parliament) in Copenhagen on 13 June: Guarantees from the nuclear powers that they will respect the nuclear-free status of the Nordic lands are a precondition for a meaningful zone arrangement.

#### Relapse

Such a precondition for a commitment by the Nordic lands not to deploy nuclear weapons in their region either in peace or in war can definitely not be reconciled with the two-stage Bodstrom model.

It can be met only if all parties reach formal agreements at the same time.

Actually the foreign minister's remark was a relapse into the line of thought presented by the chairman of the Swedish disarmament delegation, Majbritt Theorin, in the fall of 1982. In an interview that received a great deal of attention she said that the Nordic countries should first agree to be a nuclear-free zone and then "go out and collect" guarantees from the superpowers. One could not demand any guarantees in advance.

#### Contradictory Picture

An important aim of Palme's two speeches in June seems to have been to remove such ideas from the agenda. The foreign minister has revived them. The difference between Bodstrom's and Theorin's statements is that Bodstrom used less unsophisticated language.

The government of Sweden wants to be a driving force in the zone issue. Therefore it should not give the rest of the world a contradictory picture of where Sweden stands on the central issue that the process of creating a zone represents.

If one asks the Foreign Ministry, however, one receives the unhesitating reply that it is the prime minister's words that count.

#### Irony of History

An unexpected perspective on how Sweden's position on a Nordic nuclear-free zone has changed over the years can be found in the memoirs of Finnish diplomat Max Jakobson, "The Finnish Paradox" (1980, Swedish translation, 1982).

Jakobson tells how Sweden reacted to President Kekkonen's widely-noted speech on a Nordic nuclear-free zone in May 1963. The Swedish government was initially annoyed because it had not been consulted in advance about Kekkonen's move.

It can be seen as the irony of history that the current Social Democratic government has been criticized because it did not consult other governments in confidence before making its move last fall on a central European corridor that is free of nuclear combat weapons.

In 1963 the government also felt that a Nordic nuclear-free zone must be part of a larger geographic zone. Now it claims that a Nordic zone can stand alone.

#### Nuclear Freedom

But the real reason for Sweden's reserved position, according to Jakobson, was that Sweden wanted to retain its freedom of action concerning a Swedish nuclear weapon!

Foreign Minister Torsten Nilsson had explained this "in his outspoken fashion" to Finland's ambassador to Stockholm, Sakari Tuomioja.

Torsten Nilsson says now, 20 years later, that the striking thing about Kekkonen's speech was that it did not contain any concrete proposals. The main reason why Sweden had so many reservations then was the skepticism of Norway and Denmark. Sweden kept a low profile so that the Nordic region would not become even more split over security policy.

Nilsson does not recall the conversation with Tuomioja. But he says it is quite possible that he presented an argument concerning Swedish nuclear arms. The hope was that the Soviet Union and the United States would reach a test ban agreement more quickly if a technically developed country like Sweden kept the question of a national nuclear weapon open. (The partial test ban agreement was reached in August 1963.)

### Dispelling a Cloud of Anxiety

One might ask whether one of the reasons for President Kekkonen's speech on a Nordic nuclear-free zone in 1963 was not that such a zone would have ended the idea of a Swedish nuclear weapon once and for all. It would have been easy for Kekkonen to imagine what Swedish nuclear armament would mean for Finland's mobility in the area of security policy.

It was not until the nuclear nonproliferation agreement of 1968 that the cloud of anxiety was finally dispelled from Finland's horizon.

And that was a good thing--and not just for Finland.

6578

CSO: 3650/68

WARSAW PACT COUNTRIES READY TO ACCEPT 30-MILE 'CORRIDOR'

Stockholm DAGENS NYHETER in Swedish 8 Dec 83 p 6

[Article by Sven Svensson]

[Text] The Warsaw Pact countries have abandoned their demand that the nuclear-free corridor in central Europe be 60 miles wide. They now accept the Palme Commission's proposal for a zone 30 miles wide.

This appears from the compilation of the soundings taken by the government and the conclusions that were drawn.

When the party leaders met Wednesday morning in the Riksdag building, they reviewed the compilation. The soundings were taken among NATO and Warsaw Pact lands along with a number of neutral and nonallied countries.

During the past year some changes have taken place in attitudes. The most important change is that the Warsaw Pact lands no longer demand that the corridor be 60 miles wide.

The opposition of the NATO countries has also softened and they have decided to withdraw some nuclear weapons from Europe.

Progress

Sweden regards this as progress for the zone idea, as it does the support expressed by World Bank chief Robert McNamara.

Sweden intends to keep a low profile at the Stockholm conference on measures to inspire confidence. The corridor proposal will not be presented as a Swedish move. Sweden is hoping to act as a mediator if need be.

On Friday the Foreign Policy Board will meet for a new discussion of the corridor. An announcement will be made later at a press conference. All the countries that took part in the soundings will then have been informed of the proposal.

New events also suggest that the corridor proposal could be more significant than was initially believed. Talks between the United States and the Soviet Union on nuclear weapons have broken down. The corridor proposal could then be a new idea that might bring the sides back to the negotiating table.

Conservative leader Ulf Adelsohn was not present at Wednesday's meeting of party leaders but was represented by Ingegerd Troedsson. Now the Conservatives also support the corridor proposal, after having made various objections at first.

Arbatov

At the Foreign Policy Board meeting on Friday, the government is also expected to give an account of the new affair involving the Russian arms reduction expert, Georgi Arbatov.

At the meeting of party leaders this matter was mentioned only briefly by Center Party leader Thorbjorn Falldin. It was around Pentecost (the end of May) that Prime Minister Olof Palme called up Falldin at his home in Ramvik. During this conversation, which concerned extra money for the submarine hunt, Falldin brought up the question of whether there were informal contacts with the Soviet leaders. Palme confirmed that there were. The informal contacts were discussed later at a meeting with the Foreign Policy Board in September.

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CSO: 3650/68

## 'ACTION DIRECTE' LINKS WITH QADHDHAFI, NAPAP, BASQUES, PRIESTS

Paris AUTRES MONDES in French 27 Oct 83 pp 15-18

[Article: "The Origins of Action Directe"]

[Text] Although the terrorist group, "Action Directe" [Direct Action], has become well-known due to its numerous attacks, its origins are not fully known. In fact, "Action Directe" is the heir of several movements, including the MIL [Iberian Liberation Movement], the GARI [International Revolutionary Action Group], the NAPAP [Armed Nuclei for Proletarian Autonomy], and finally the autonomist movement.

"Action Directe" has again come to public notice. It is planned that around the end of October Frederic Oriach, one of its most important members and the leader of its international branch, will be tried before the Paris Court of Appeals.

What is the background of this terrorist, whose life story and that of his group began long before the first attack by "Action Directe" on 1 May, when the victim was the CNPF [National Council of French Employers]?

#### Iberian Liberation Movement (MIL)

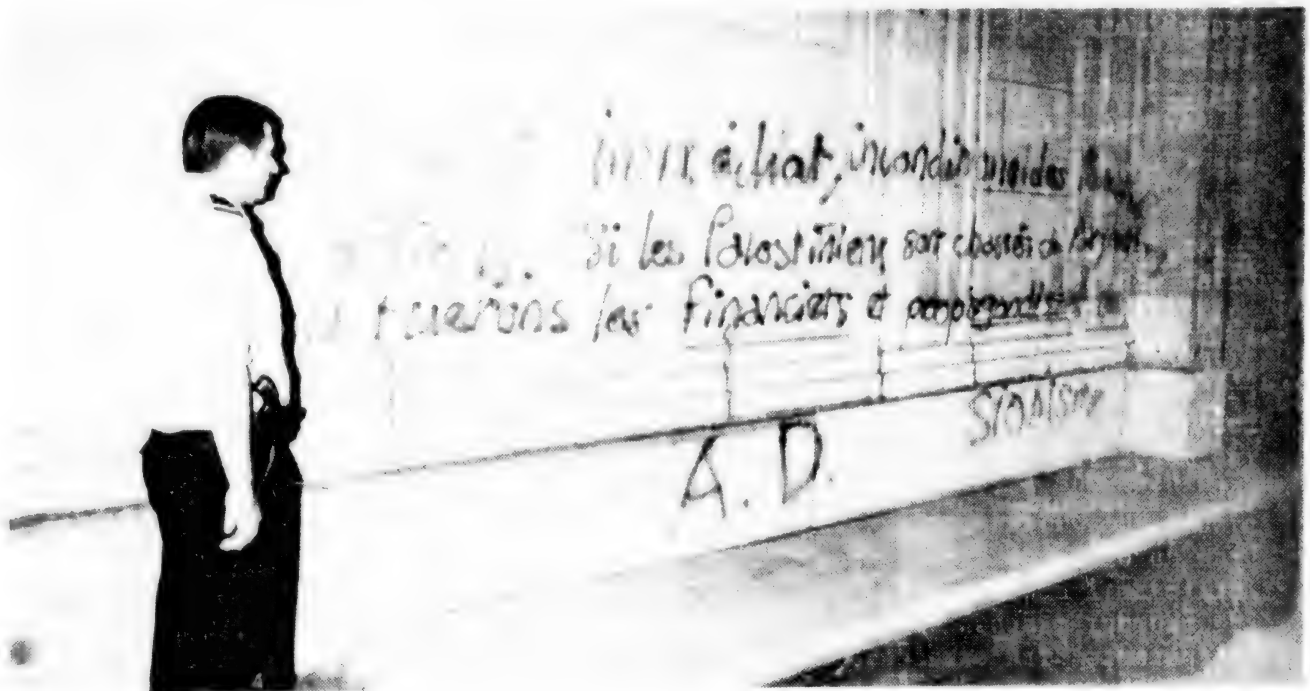
This was a small movement which took its inspiration from libertarian communism. It was established in the late 1960's in Catalonia (Spain). The MIL was not to survive the death of its leader, Salvador Puig Antich, who was condemned to death in January 1974.

Recruiting its members essentially from students, the MIL carried out a dozen holdups and several attacks on persons. It had three branches: two military segments in Spain and one segment for propaganda, which was in France.

Leading this last-named segment was Sebas, alias Jean-Marc Rouillan, a native of Toulouse [France] who was 18 when he assumed control of this branch. His father was a Catalan by birth. He was a former anti-Franco teacher who had lived in the Aquitaine area of France since the beginning of the 1960's. On 25 March 1971 Rouillan and de Santis, another member of the MIL, were arrested in Prades (Department of Pyrenees-Orientales) while traveling in a vehicle carrying weapons and

MIL propaganda brochures. Only de Santis would be sent to prison--for 1 year--and then released on 29 May 1972. Nevertheless, in September 1971 the French National Gendarmerie raided a farm in Bessieres (Department of Haute-Garonne) which had been rented in the name of Rouillan. The police discovered a clandestine printing press and a stock of weapons stolen from Spanish military arms depots. Rouillan was able to flee, thereby escaping arrest. Oriol Solde Sulgraves, his right hand man, was arrested and sentenced to 1 year in prison. Rouillan then went to Spain and took part in several operations, where he was photographed, a sub-machine gun on his shoulder and a bandoleer of bullets around his waist. During the winter of 1972 Puig Antich, who was then sought by the Spanish police, took refuge for 5 months in Rouillan's home on the Rue d'Arcachon in Toulouse. When he returned to Spain, he was arrested on 23 September 1973 along with Maria Augusta Mateos and Jose Luis Pons Liovet, after a holdup at the National Bank of Barcelona. Puig Antich, who killed a police officer at the time of his arrest, was sentenced to death on 8 January 1974.

A support committee was established in Paris. Among its founders were Jacques Paris de Bollardiere, Joan Baez, Jean-Marie Domenach, Germaine Tillon, Laurent Schwartz, Alfred Kastler, and Father Michel de Certeau. Many public meetings,



Scene of an armed attack for which responsibility was claimed by "Action Directe."

marked by an unusual amount of violence, took place in France. One such meeting took place on 15 January 1974 in Toulouse where, according to LE MONDE, "several hundred MIL members, formed into combat groups, wearing helmets and armed with rubber truncheons and carrying satchels of molotov cocktails slung over their shoulders, confronted the police."

At the subsequent trial the prosecution brought out the existence of a substantial anti-Franco support network. In addition to the names of Jean-Marc Rouillan and of Jean-Claude Torras, identified as "two French citizens in hiding," the PSU [Unified Socialist Party] the CFDT [French Democratic Confederation of Labor] and several religious communities in the South of France were also accused of responsibility for the clash. Among the religious communities accused were the Benedictine monks of Saint-Michel-de-Cuxa (Department of Pyrenees Orientales), the Abbey of Belloc in the Basque region of France, the Catholic University of Louvain [Belgium], the Abbey of Saint-Palais at Bayonne, and the Abbey of Monserrat in Spain. Perched high up in the Mount Canigou area, near the Franco-Spanish border, the Abbey of Saint-Michel-de-Cuxa is on the dividing line between Basques and Catalans. Jean-Marc Rouillan and Oriol Sole Sulgraves hid there in March 1971. Father Olaguer Porcel, the superior of the abbey, was even prohibited from staying in the Departments of Haute-Garonne, Hautes-Pyrenees, Pyrenees-Orientales, and Pyrenees-Atlantiques from February 1972 to January 1973, following numerous discoveries of evidence of MIL activity which mentioned his name. These included the arrest of Basque members of the MIL in his own automobile.

This network, which is still in existence, operated in liaison with the Anai Artea net, an association of more than 300 priests, led by Father Lazarbal, who sought to support the "abertzale," or Basque guerrillas. Philippe Bidart, a former seminary student and leader of the Basque separatist group, "Ipparetarak" (Those of the North), who has been sought by the police for murders and holdups since 7 November 1981, benefited from their assistance.

Furthermore, Father Aurilli Argenti, of the Abbey of Saint-Michel-de-Cuxa, is the founder of the Center for the Study of European Ethnic Groups and Minorities (CIEMEN), whose headquarters are in Barcelona. This organization, which has branches in all the principal areas of Southern Europe (Sicily, Italy, Corsica, Sardinia, etc), is largely financed by Colonel Qadhdhafi of Libya. Thus, in Spain the CIEMEN works with the Andalusian Liberation Front, which supports the establishment of an Islamic Republic of Andalucia.

#### International Revolutionary Action Group (GARI)

During its first few months of existence this group was also called the "Autonomous Groups of Internationalist Action." The GARI was established after the execution of Puig Antich, the anarchist. Its founder was Jean-Marc Rouillan. Its first members had formerly belonged to the MIL. It had one objective: to fight by means of "direct action" (the term was already in use) against "the French dictatorship," in the hope of "eliminating all states and all governments." It was active from 1974 to 1976 and then dissolved after the death of General Franco.

It reportedly included four groups or columns: two in Paris, one in Toulouse, and one in Beziers. They had a long series of attacks and holdups to their credit:

--22 February 1974: Jean-Marc Rouillan and de Santis machinegunned the automobile of Ramon Bardallo Porcel, Spanish consul general in Toulouse. The consul general escaped death by a miracle.

--22 March 1974: destruction of part of the railway line at the Franco-Spanish border.

- 5 April 1974: holdup in Montesquieu-Volvestre (Department of Haute-Garonne).
- 3 May 1974: kidnapping of Angel Balthazar de Suarez, a banker and director of the bank of Bilbao branch in Paris. On the same day the group was responsible for a holdup in Brussels (Belgium).
- 5 July 1974: holdup of the Toulouse Savings Bank.
- 15 July 1974: attack against a high voltage electric line coming from Spain. An attack in the toilet of a railway car on the Paris-Madrid express.
- 16 July 1974: setting fire to several trailers related to the Tour de France [bicycle race] at Saint-Lary. The attack attracted a great deal of publicity due to the presence of television and radio crews, which were on hand to cover the bicycle race.
- 17 July 1974: setting fire to 12 buses in Lourdes.
- 19 July 1974: destruction of electricity pylons belonging to the EDF [French Electricity Company].
- 29 July 1974: explosion in the railway station at Hendaye [on the Franco-Spanish border].
- 29 July 1974: explosion at the Spanish Consulate in Toulouse.
- 13 August 1974: unsuccessful attack on an EDF electricity pylon.
- 3 September 1974: holdup in Beziers.
- 6 September 1974: holdup in Toulouse.

On 14 September Pierre Roger<sup>1</sup> and Michel Camilleri,<sup>2</sup> two future members of "Action Directe," were arrested for the holdups of 5 April and 5 July. Mario Ines Torres,<sup>3</sup> questioned at the same time, was found to be carrying an 8 mm pistol. On 5 December 1974 Rouillan, Raymond Delgado,<sup>4</sup> and Jose Floreal Cudrado,<sup>5</sup> all future members of "Action Directe," were questioned at the Place du Colonel-Fabien police station in Paris. In their automobile were found sticks of dynamite, GARI propaganda leaflets, and pistols. They were sentenced to prison and then were all released on 25 May 1977 after a hunger strike.

--21 January 1975: three members of GARI were seriously wounded by the explosion of a bomb they were carrying. They were: Jean-Claude Dirant (at whose home explosives were found), Dominique Monti, and Daniel Gelin.

--8 March 1976: the same misfortune happened in Toulouse in front of the CRS 21 [Republican Security Company 21] barracks. Injured were Robert Touati, a Moroccan, and Juan Escribano, a Basque. They had come to the street in front of the CRS barracks to place a bomb in connection with the visit of Michel Poniatowski, who had come to Toulouse for the funeral of a CRS member killed during an exchange of fire between police and farmers at Montredon. At the scene the identity card

of Daniel Gelin was found. He had been questioned by police on 21 January 1975. Gelin was also identified in photographs taken in Montredon the day of the firing incident there.

On 27 March 1961 all members of the GARL, in view of the Spanish amnesty decree, had all outstanding charges against them dropped. Among them was Federica Monseny, a member of the Spanish Cortes [Parliament].

In addition to the names already mentioned, we will find other members of GARL, like Jose de Miguel Martin,<sup>6</sup> also active in "Action Directe."

#### Armed Nuclei for Proletarian Autonomy (NAPAP)

The NAPAP is a terrorist group which was established around the end of 1970. For the most part it included former members of Maoist groups such as the Proletarian Left movement, the "Vive la Revolution" [long live the revolution] group, or the "Nouvelle Resistance Populaire" [New People's Resistance].

In the same way Frederic Oriach, a future pillar of "Action Directe," began his political activity in the "Vietnam Base Committees" (CVB). He then entered the Marxist-Leninist Youth Group (May 1968), the Proletarian Left (until its dissolution in 1970), and the Palestine Committees and the International Brigades up to 1976.

The NAPAP reportedly claimed official responsibility for very few operations. Furthermore, its existence was not known until after it was disbanded, following the Tramoni-Overney affair in May 1977. In fact, the NAPAP was organized in a very highly compartmented way: a basic "cell" of five members (called a "hand") plus an ordinance expert who provided and then collected weapons after their operations.

The NAPAP initially claimed responsibility for a series of machinegunnings of company offices (for example, the machinegunning of the Citroen factory on the Quai de Javel) and several attacks: bombs attached to 119 cars in Flins on 27 March 1977 and a plastic bomb attack against the CFT [French Confederation of Labor] on 3 April 1977.

The origins of the Tramoni-Overney affair go back to 1972. In February 1972 Antoine Tramoni, a night watchman at the Renault automobile factory in Boulogne-Billancourt, killed Pierre Overney, a militant maoist, when the latter attacked him with a steel rod. He was sentenced to 5 years in prison and then released. He was shot in May 1977 by attackers mounted on motorcycles.

Several weeks previously Christian Harbulot, a member of the NAPAP who was in hiding, was observed by police in front of Tramoni's house. He shot at the police and then fled. Nevertheless, in his automobile, a rented Simca 1307, the police found his crudely altered identity card (needed to rent the automobile), a Remington rifle, and 11.43 mm [.45 caliber], 7.65 mm, and .357 Magnum ammunition. Also found was the emblem of Al Fatah, the most extreme of the Palestinian organizations, whose members were to establish the "Black September" terrorist organization.

After sifting through their records the police arrested 11 NAPAP members at the end of May 1977. Among them were four of the five members of the "hand" which shot down Tramoni. Only the operator of the motorcycle would never be found. The others (apart from Harbulot, who had escaped) were Maurice Harais, a photo-engraver; Henri Savouillan, an employee of the RATP (Paris subway) (whose wife, Nicole, is a journalist employed by the newspaper LIBERATION); and Gilbert Slaghuis, a student. At the homes of Harais and Slaghuis the police found 11.43 mm ammunition. Savouillan admitted that he had supplied Harbulot with the weapon that killed Tramoni.

A few days later four other NAPAP members were questioned: Michel Lapeyre, Jean-Paul Gerard, Frederic Oriach, and Henri Perez. Jean-Paul Gerard, at the time of his arrest, was carrying a 7.65 mm pistol stolen on 19 May 1975 from a police station in Angers. It was used to shoot Captain Garcia, military attache at the Spanish Embassy on 6 October 1975 and Zentano Amaya, the Bolivian ambassador, on 11 May 1976. These two murders had been claimed by the "International Brigades." Lapeyre was found carrying the Colt 11.43 mm [.45 caliber automatic] with which Tramoni had been shot. All of them had identity documents which were stolen on 3 March 1977 at the students' gymnasium of the Institut d'Etudes Politiques [Institute of Political Studies] in Paris. At their homes were found documents pertaining to the Proletarian Left, of which all of them were former members.

The police also found very accurate lists of Israeli and German diplomats. At Frederic Oriach's home the police found a .357 Magnum pistol. At Jean-Paul Gerard's home they found an American assault rifle identical with the one used by the Baader group at the time of the murder of Siegfried Buback, the lawyer. In Gerard's R-12 Renault they also found two submachineguns, a military rifle with a telescopic sight, a hunting rifle, radio transmitters and receivers, and powerful narcotics.

Harbulot was not arrested until 3 December 1977. Although specifically recognized by police officers, he was only sentenced to 5 months in prison because he produced five witnesses who testified that they had met him in Lyon on the day of the shootout. Pascal Trillat,<sup>7</sup> who had hidden him for several days, was sentenced to 16 months in prison, less 6 months suspended sentence.

No one would talk about the identity card found in front of the Tramoni house.

Oriach, Lapeyre, and Gerard were sentenced to 5 years in prison on 23 March 1978. They were all released on 30 May 1980.<sup>8</sup>

#### The Autonomous Movement

The GAKI had been carrying out a plan discovered at the time of the raids of 26 March 1981. The first stage, stretching out over 2 years like the second stage, was entitled: "Propaganda and recruitment." The second stage was entitled: "Dispersion, Training of Active Members." The third stage, which was to constitute the essential part of the activity of "Action Directe" until 1981, was called: "Collecting Funds and Establishing an Arsenal of Weapons." The fourth stage, applied since the amnesty decrees of 1981, consists of "The Expansion of Urban Guerrilla Activity."

The second stage, developed by Rouillan, covered the period from 1977 to 1979. Rouillan, who was released on 25 May 1977, recruited new members among members of "autonomous groups." On 23 March 1978 he was questioned in connection with the "Rue de Bellefond Affair," along with four other squatters. He was released at once, even though weapons had been found in the place where he was living. On 13 July 1978 the police discovered three weapons and a bullet-proof vest at his home. On 22 January 1979 a group of men acting as if they were in a frenzy and calling themselves members of an "autonomous group," seriously damaged the stores on the Rue Saint-Lazare. The instigator of the attack, Jean-Marc Rouillan, succeeded in escaping.

On 2 February 1979 the police arrested Eric Moreau<sup>9</sup> when he was attempting to fence the Jerome Bosch painting called "L'Lscamoteur" [The Sneakthief]. This was a priceless painting stolen from the museum at Saint-Germain-en-Laye on 13 December 1978 by the "Autonomous Brigades."

On 1 May 1979 the front of the CNPF [National Council of French Employers] building was machinegunned. "Action Directe" had been born.

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#### FOOTNOTES:

1. Pierre Roger was tried for his membership in GARI on 27 March 1981. He was acquitted. As a member of "Action Directe," he took part in the bank holdup on 15 March 1981 in the Empalot district of Toulouse and in the 7 April holdup of the Credit Agricole [Agricultural Credit Bank] on the Avenue Camille-Pujol, also in Toulouse. On 30 April he was captured by a bank customer during a holdup of the Banque Populaire de Toulouse [Toulouse People's Bank].
2. Michel Camilleri, a member of "Action Directe," was arrested on 17 September 1982. He was accused of the possession of arms, transportation and concealment of explosives, forgery and falsification of administrative documents, forgery of a bank check, etc. In his home the police discovered the typewriter used to type the statement of demands used in the attack against the World Bank on 5 June 1982.
3. Mario Innes Torres, son of an anarchist leader in Barcelona, nicknamed "The Little Guy," is a member of "Action Directe." He is one of the most dangerous leaders of the organization. He is suspected of having participated in the holdup at Conde-sur-l'Escault (16 million francs stolen) on 28 August 1979. He has continued to avoid arrest. He is the leader of the "Camarades" [Comrades] sub-group in the "Autonomous" movement. He just missed being arrested on the Rue de Bellefond on 23 March 1978. In his home the police found plans for attacking post office trucks (including murdering the guards).
4. Raymond Delgado, member of "Action Directe," is charged with the holdup at Conde-sur-l'Escault.
5. Jose Floreal Cuadrado, member of "Action Directe." Annie Cuadrado, his schoolteacher wife, was arrested for hiding in her Fontenay-sous-Eois

apartment several of those accused of involvement in the holdup at Conde-sur-l'Escault, in particular Jose de Miguel Martin.

6. Jose de Miguel Martin, aka Miguel Martin, aka Jose Torrequebradas Nova, aka Pepe, is a former member of the GARI who has been linked to the Red Brigades, the Italian Brigades, and to the FRAP [People's Action Revolutionary Front], a Spanish organization. He was charged with involvement in the holdup at Conde-sur-l'Escault. He was arrested in December 1979. In his hideout was a forger's workshop, typewriters, stolen letters of credit, and 1,720,000 francs obtained in the holdup at Conde-sur-l'Escault.
  7. Pascal Trillat, a member of "Action Directe." He was questioned by police on 29 March 1980. In his home was a substantial stock of weapons and explosives.
  8. Frederich Oriach, Michel Lapeyre, and Jean-Paul Gerard were arrested on 10 July 1980, a few days after they were released just after attacking the Paris office of the Bundesbahn [Federal Republic of Germany Railway Service] in the name of "Action Directe." Oriach was subsequently arrested on several occasions.
  9. Eric Moreau, a member of "Action Directe," was arrested with Camilleri on 17 September 1982 and then released. On 20 October 1982 he escaped the police during a sharp exchange of gunfire with the DRI [International Intelligence bureau]. His father is Police Commissioner Pierre Moreau, who is responsible for the Colombes sector in the Department of hauts-de-Seine.
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5170

CSO: 3519/113

## 'LENDAKARI' ROYAL AUDIENCE TO MEND FENCES OVER TERRORISM

Madrid YA in Spanish 16 Nov 83 p 3

[Text] The audience which the king granted yesterday to the "lendakari" [president] of the Basque government, Carlos Garaicoechea, at Zarzuela Palace soon after the return of King Juan Carlos and the queen from Jordan lasted nearly 2 hours.

According to Garaicoechea's declaration on his way out, the audience had been requested some time earlier and "does not reflect any sudden occurrence." However, it is obvious that it had special relevance in the context of the freezing of existing relations between the Basque and central governments and in the midst of terrorist violence which has scourged the Basque Country in the last few weeks.

In front of more than 50 of us newsmen who had stood near the guardhouse at the entrance to Zarzuela Palace along Somontes, Carlos Garaicoechea gave the gist of the royal audience that had focused on the fundamental problems affecting the Basque community such as the issues of violence, the economic situation and the consequences of the recent floods, as well as problems of institutional relations with other executive organs of the government.

The president of the Basque government reiterated that Spain's constitutional flag would fly at the presidential palace of Ajuria Enea "on specific public occasions." "I believe," Garaicoechea explained, "that the law has thereby been followed and this is how we have to continue in the future."

Regarding the statements of Txiki Benegas, secretary general of the Basque Socialist Party, in which he invited Garaicoechea to adhere to the Constitution and to have the Spanish flag hoisted permanently on public buildings of the Basque government, the "lendakari" indicated that "it seemed to me that it would have been inappropriate to raise such an issue at the royal audience."

## Statutory Development

Regarding the situation affecting relations with the central government and the transfer of responsibilities, Garaicoechea said that "I do not plan to force statutory development beyond what is foreseeable but there are many issues in education, public health, research, tourism, and the collection of statistics which could be the subject of development."

Garaicoechea rejected the idea that the coordination by the Basque government of all the security forces operating on its territory could be viewed as unconstitutional. "Even command and coordination," he noted, "can be considered constitutional through the device of delegation of authority. It is not within our immediate program but if we are asked for basic cooperation, we reply that we are prepared to coordinate our efforts but in fact with control in the coordination and in the command of the police personnel. Even though this is not a proposal with a high priority, there are other, simpler proposals which we would wish to promote."

Garaicoechea expressed his hope that there may be an end to violence in the Basque Country. "At times," he said, "the various diagnoses that we have regarding violence and the most effective way to combat it are jumbled. But I believe that we are all prepared to fight this phenomenon and overcome it. We place the stress on a series of political measures because we believe that through them we could deter, not the hardliners who are using their guns, but the public support behind terrorism. It seems an error for us to say that the political alternatives are exhausted. That is not certain. There is a statute which must be put into practice in its entirety. I already know that we are not going to convince the terrorists with statutory development but rather their supporters among the public, who represent a reality that anyone who is not blind can see. Hence we consider political alternatives fundamental."

2662

CSO: 3548/112

## FOREIGN MINISTER ELLEMANN-JENSEN ASSESSED AFTER FIRST YEAR

Copenhagen BERLINGSKE TIDENDE in Danish 24 Nov 83 p 9

[Article by Michael Ehrenreich]

[Text] It is a combative politician who as the country's foreign minister is now experiencing a new political storm over his person--this time with regard to the controversial statements on Folketing resolutions which the foreign minister may or may not have made during a Liberal Party meeting at Sabro Inn in Arhus.

Uffe Ellemann-Jensen, 42, reacted in a way that is typical for him when the storm broke out during the dramatic meeting of the Foreign Policy Board on Tuesday evening. Where most other politicians would have spoken with caution and restraint, the foreign minister shot back:

"I do not mind admitting that I am sniping at the Social Democrats. I am doing so gladly and I will do so again and again because of their flip-flops on security policy," said Uffe Ellemann-Jensen when he denied the reports from the meeting at the inn.

The foreign minister's present job address on Asiatisk Plads has not made Uffe Ellemann-Jensen into a polished diplomat who can deflect political conflicts by hiding behind the ministry's mighty civil service apparatus.

On the contrary. He throws himself into the debate with his well-known temperament, but on the other hand he does not conceal that he is bitter over the Social Democrats' harder course in the area of security policy which has turned the normally peaceful parliamentary foreign minister post into the present government's most controversial appointment.

Uffe Ellemann-Jensen has taken the many clashes in the foreign policy sector very personally. After the party's group meeting yesterday, members of the Liberal Folketing group noted that the events of recent days have affected the usually optimistic and combative minister, while colleagues in the government have suggested to Uffe Ellemann-Jensen that he regard foreign policy problems as problems for the entire government--and not just as problems for Uffe Ellemann-Jensen.

## Critical of Social Democrats

The thirst for debate is nothing new. As Liberal political spokesman Uffe Ellemann-Jensen was one of the sharpest critics of the Social Democratic government--except for the period of the Social Democratic-Liberal coalition--and with his very well-developed political sense he created many problems for a succession of Social Democratic ministers.

This gained Uffe Ellemann-Jensen many enemies in the former ruling party, as evidenced in particular by the domestic policy waves over the EC sanctions against importing upright pianos and caviar from the Soviet Union. The Social Democrats say the foreign minister exceeded a mandate from the Folketing Market Committee when EC extended the sanctions.

Uffe Ellemann-Jensen has rejected the criticism as "political harassment," but the matter led both in the spring and more recently just a few weeks ago to sharp personal clashes between the foreign minister and former Social Democratic Economic Affairs Minister Ivar Norgaard.

## Economic Affairs Minister

When the nonsocialist government was formed a year ago, Uffe Ellemann-Jensen would rather have been economic affairs minister. But once he was named foreign minister he threw himself eagerly into the problems of international policy and people at the ministry give him high marks: a minister who is far above average with a talent for quickly familiarizing himself with complicated problems, they say.

The Danish foreign minister is respected abroad for clarity and forcefulness in international negotiations--most recently during his trip to Moscow. And Denmark's EC chairmanship during the first months of the government led to reports praising Uffe Ellemann-Jensen in leading foreign newspapers.

His interest in and knowledge of foreign policy sprang in part from many trips covering most of the world as a journalist. His period as a press worker at all levels--journalist, managing editor, editor in chief and director--also supplied the foreign minister with useful knowledge of how the media regard political problems in circumstances that are either peaceful or stormy for the main character.

During the Hesselø conflict with Sweden, Uffe Ellemann-Jensen had to make himself available to Swedish journalists, who often found it easier to get in touch with the Danish foreign minister than with their own minister, Lennart Bodström.

A colleague from one of Sweden's leading newspapers did not know--prior to a talk with Uffe Ellemann-Jensen when the Hesselø saga was at its peak--that the Danish foreign minister had once been a journalist and the man was somewhat alarmed when he became aware of it:

"Good heavens, then your minister knows what the whole thing is about," the Swede said.

## CP SECRETARY EMANUEL CITES CONCERN OVER LOSS OF MEMBERS

Copenhagen BERLINGSKE TIDENDE in Danish 17 Nov 83 p 10

[Text] The Communist Party of Denmark (DKP) is losing members. In 1983, departing members have outnumbered new ones so that the party will have lost almost 100. However, Party Secretary Poul Emanuel maintains that DKP's membership remains relatively fixed at about 10,000.

"Providing the situation does not change during the last 6 weeks of 1983, we will have lost 75 to 100 members this year," said Emanuel.

The membership situation was discussed at a DKP Central Committee meeting last weekend and Party Chairman Jorgen Jensen said that growing anti-Communism and international tension have contributed to the loss of members.

At this Central Committee meeting, several voiced the opinion that DKP's profile is too blurred and there was also criticism of the party newspaper LAND OG FOLK. The paper's coverage of union activities was criticized and one Central Committee member felt that harmony is lacking between the party and the paper with respect to the treatment of peace matters.

The reason is that the presently circulating petitions against NATO missiles obviously has not been sufficiently "prioritized" in LAND OG FOLK. That will not be the case from now on. In the Thursday issue of LAND OG FOLK--the first after the Central Committee meeting--the Communist Party's appeal to circulate these petitions was on the front page and yesterday, too, the paper ran a front-page article on petition action at Norrebro.

8952

CSO: 3613/40

## LO CHANGES STAND IN CALLING FOR LEFT TO OVERTURN GOVERNMENT

Copenhagen BERLINGSKE TIDENDE in Danish 24 Nov 83 Sec III p 3

[Article by Ole Schmidt Pedersen]

[Text] LO [Danish Federation of Trade Unions] is now testing all the possibilities it has of overturning the nonsocialist government. At the LO congress the big influential unions clearly indicated that they want a Social Democratic government again and recently the regular LO leadership held a meeting with SF [Socialist People's Party] to sound out the political prerequisites for a Social Democratic-SF coalition.

As late as yesterday the otherwise moderate Metalworkers chairman Georg Poulsen, who launched the idea earlier of a Social Democratic-Conservative cooperation, said:

"We must bring the government down now. Whether this occurs over missiles or over the budget is up to our political comrades."

The chairman of the Semi-skilled Workers' Union, Hardy Hansen, did not take part in the meeting with SF, but he told BERLINGSKE TIDENDE that LO's executive committee includes SF in the political possibilities that might come up after an election.

"The idea is attractive. But the regular LO leadership has not yet set up conditions for cooperation with the Social Democrats and all this involves is informal talks between LO and SF. The possibility should be considered carefully. We have had frightening experiences with SF in the past," Hardy Hansen said.

The experiences stem from 1967 when SF abandoned an agreement with the Social Democrats on freezing cost-of-living increases. On the same occasion the party's Folketing group split up. In 1979 SF also blocked a proposal in Folketing on distribution of profits because the Folketing group was set aside by its own executive committee.

Georg Poulsen said of the political possibilities:

"We would prefer a Social Democratic Party that could stand on its own, but that is probably not realistic right now. I noticed that a while back SF offered to work with the Social Democrats and I have nothing against the offer if SF can clear up its internal problems. I have also noticed that there are prominent SF people who say they support the income policy," Georg Poulsen said.

LO chairman Knud Christensen said yesterday that if SF can agree with the Social Democrats and is willing to pursue a sensible income policy, LO has nothing against such a cooperation.

Former Prime Minister Anker Jorgensen also spoke at the congress.

"The Social Democrats would like to have an election at a time when it would make us stronger. The nonsocialist wing is not impressed by a multitude of socialist parties, they do not feel pressure unless we have a big Social Democratic Party," Anker Jorgensen told the 1200 delegates.

He was immediately backed by Knud Christensen who guaranteed that LO would give its full support to the party.

6578

CSO: 3613/46

## LO CHIEF KNUD CHRISTENSEN BECOMING POWERFUL POLITICAL FIGURE

Copenhagen BERLINGSKE TIDENDE in Danish 27 Nov 83 p 6

[Article by Ole Schmidt Pedersen and Sven Bie: "LO Chairman Strengthened by the Congress"]

[Text] Knud Christensen, chairman of LO for 2 years, was so strengthened by the congress that for the first time he stands out as a real center for the Danish labor movement. Union leaders believe that in coming years Knud Christensen will strengthen his position as chairman.

The recently completed congress was a decisive breakthrough for the newly elected chairman, Knud Christensen, who after nearly 20 years in LO and just 2 years as acting chairman passed his apprenticeship test in the 4 days of the congress.

Knud Christensen called the speaker's rostrum the country's most important, while critics called him the country's poorest speaker. In comparison with his predecessor, Thomas Nielsen, Knud Christensen does not have the aggressive verbal audacity--and charm--which could often carry an assembly along.

This comparison with Thomas Nielsen has caused employers and union members to evaluate Knud Christensen as a weak chairman. But the days of the congress proved something different. After 2 days debate about the report, Knud Christensen had as much support as he could want, and the 2-hour-long reply to the 64 speakers disclosed a vigorous, solid, confident Knud Christensen who had put his personal views across to the 1,209 delegates.

Critics will say that Knud Christensen stood out against a dim background, because all the delicate questions were set aside by the congress.

That criticism does not spoil the picture of a strengthened LO chairman.

### He Avoided the Sharp Corners

The leader of the combined labor organizations of Copenhagen and Frederiksberg, Arne S. Nielsen, said, "I no longer have great expectations from LO congresses, because I have attended five or six of this type. The decisive thing is the voting for the executive committee, which determines the style."

"Knud handled himself especially well, because he avoided the sharp corners. He became more self-confident, and it is clear that the success he had at the congress strengthened his self-esteem."

Svend Aage Sundberg from the combined labor organizations in Roskilde said, "I expected a debate about the structure of the association. We are getting tired of FO cooperation, member organizations are getting larger and larger, and that is putting the unions farther back, when the structure problems still are not solved."

### Strong in His Way

The former chairman of the Foundry Workers Union, Hans Rasmussen, said, "Knud Christensen came with careful preparation and without personal viewpoints," but Hans Rasmussen is convinced that Knud Christensen will sharpen his viewpoints now that he is formally elected chairman.

"He will especially be stronger toward social democracy, which could use a few nonsocialist words. But that will also be hard for him, because social democracy has too many academic followers. It is not like in my time, when there were more people from the factory floor."

"Will he be a new Thomas Nielsen?"

"No, but I believe that he will be strong in his own way. He will be a reliable leader."

### Correct Style

Svend Fonsskov, Danish Metalworkers Union, who just left the executive committee said, "The congress was less aggressive than previously. That is because of the different personalities of Thomas Nielsen and Knud Christensen. I believe Knud's style is correct for the future. LO has no use for big headlines, and Knud can bring the union movement together by being more restrained. Knud Christensen's style is correct, especially during a nonsocialist government. Thomas, for example, raged more at Anker Jorgensen than at the nonsocialist politicians. I believe that Knud's style is correct."

Martha Thomsen of the Christiansfeldt Clothing Industry Union said, "The congress went as I expected. It is time that the equality which LO is fighting for starts penetrating the LO itself. Developments are moving slowly. It is because we have a system of union careerists."

"But Knud Christensen is both the chairman and a man?"

"Which is also true of women, but I believe in this case that Knud has really done well."

#### Unity in Hard Times

Knud Christensen's own judgment of the congress:

"It was my purpose to gain sensible cooperation between the member unions, and it appears that I was successful. The course of the congress was an expression that we made progress in the labor movement.

"Some have described the congress as tame, and naturally we still have problems, which will be solved. For example the question of structure, but we do not want to discuss that now, because not all are agreed. We do not want a dissatisfied group which would withdraw from LO.

"We have avoided fights and postmortems, and I am pleased about that. Apart from the 70-80 at the congress who will always be different, we have achieved great unity.

"That can be a result of our being deep into hard times with unemployment and economic reductions. That also creates unity," said Knud Christensen.

9287

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## PAPER SAYS SDP UNEAGER TO HEED LO CONGRESS ON NEW ELECTIONS

Copenhagen BERLINGSKE TIDENDE in Danish 26 Nov 83 p 8

[Editorial: "Poor Advice"]

[Text] It was not a sudden whim that led Anker Jorgensen to throw in the towel in September 1981. Before that time he had been trying to get support for a Social Democratic policy that would deal with the serious economic crisis. He could not get that kind of support in Folketing nor could he get backing for his plan from the unions. When he decided to resign, he had talked to LO [Danish Federation of Trade Unions] about it. His union colleagues agreed with his decision and advised him to keep the Social Democrats outside a new government. Let the nonsocialists take over, he was advised. And he followed that advice.

Not much more than a year later, the unions have different advice for the leader of the Social Democratic Party. The LO congress recommended that Anker Jorgensen bring down the government as soon as possible so that a new Social Democratic government can be formed. Anker Jorgensen cannot return fast enough. A year ago LO did not want an election, but now the time is right for a showdown with the four-party government.

Was this just something they said to whip up emotions at a congress characterized by a remarkable flatness? At any rate it is hard to imagine that the union movement could hope that everything would get better just because of an election. It is not all that certain that Anker Jorgensen would be prime minister after all the votes are counted. Judging by the opinion polls there is not much to indicate that the Social Democrats would be any stronger than they were after the last election, where they suffered a defeat that made it impossible for them to continue as the party in power. Actually it must be quite depressing for the Social Democrats--and the union movement--that the Social Democrats do not seem to have won a single vote since the last election defeat. It is even more depressing for Anker Jorgensen that no one would claim that the party has not pursued a striking opposition policy. It has done so in foreign policy in such a demonstrative way that every child in the country could understand it, but it has also done so against a government that in the language of the Social Democrats represents the blackest form of reaction and a monstrous policy of social

cuts. But no matter how loudly the Social Democrats have shouted, they continue to carry their defeat around with them.

It is understandable that Anker Jorgensen does not seem prepared to follow the LO advice. He is not in favor of an election. He says so almost every day. He cannot stand behind the demand for an election before he can feel fairly sure that he can win the victory that would restore government power to him. And the union people that want an election should bear in mind that a new Social Democratic government must pursue a policy that in essential respects will be a continuation of the present government policy.

The unions would have done better to advise Anker Jorgensen to avoid taking stands that could lead to the election the Social Democrats do not want, an election that would not make life any easier for the unions.

6578

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## COUNTRIES RECEIVING DEVELOPMENT AID WARNED ON NEW CONDITIONS

Copenhagen BERLINGSKE TIDENDE in Danish 26 Nov 83 p 5

[Article by Tine Eiby Hansen]

[Text] A recommendation to halt all new projects in developing countries resulted from the experiences the chairman of the Developing Countries Board came home with after a visit to Tanzania, a major recipient of Danish aid. There will now be tighter requirements with respect to political and economic conditions in countries receiving Danish aid.

Bad experiences with development in Tanzania are part of the reason why Foreign Minister Uffe Ellemann-Jensen is now tightening requirements for political and economic conditions in developing countries that receive Danish aid.

If Tanzania wants to continue to be the major recipient of Danish aid, the country must therefore be prepared for that aid to be preceded by talks on general political and economic conditions.

The foreign minister's closest advisers on the question of aid to developing countries have personally seen how poor the economy is in Tanzania. The chairman of the Developing Countries Board, Social Democratic member of Folketing Christian Kelm-Hansen, paid a visit to Tanzania toward the end of the summer.

"It was depressing to see how poor the Tanzanian economy is. The present economic difficulties are due in part to the international crisis, but one cannot escape the fact that some of the problems are self-created."

## Black Market

Tanzania simply cannot afford to maintain the high level of social and health services that President Julius Nyerere is aiming for, in the view of Christian Kelm-Hansen. In his opinion this is partly due to a trade and production sector that is too small and weak--a sector marked by big, inefficient and bureaucratic state firms.

"Another problem is the government's price policy which has made agricultural production unprofitable, thus depriving small farmers of the incentive to increase production. The result has been a declining agricultural production and widespread trading on the black market."

Tanzania's exchange rate policy is also wrong, in the view of Christian Kelm-Hansen. The Tanzanian shilling is greatly overvalued and therefore lowers the country's competitiveness. These are the problems that Denmark should be giving advice on.

"It is obvious that we cannot interfere with their policies directly. But if all donor lands want these things changed, it would make an impression, of course. These are the same problems the international financial institutions wanted changed--although in a somewhat too brutal way with regard to the International Monetary Fund, because they thought that Tanzania could undertake a violent devaluation from one day to the next. Of course that is impossible--it would create political unrest in the towns and might lead to the collapse of the whole thing."

#### Too Naive

But Christian Kelm-Hansen told BERLINGSKE TIDENDE that Denmark itself has made mistakes in its aid policy. The belief that Danish efficiency can simply be transferred to other countries has been naive, he said.

"In the past we provided state loans and then turned over responsibility for the money. The problem was that the recipients do not have the necessary technical knowledge to evaluate what they need and so they bought some projects from capable business people that did not suit local conditions."

#### Stop Projects

A visit to two specific Danish-backed projects this summer made a particularly strong impression on Christian Kelm-Hansen. In one place he saw a relatively new cement factory that had been abandoned due to a lack of spare parts. In another place he saw a school for barefoot doctors that was completely run down. With a maintenance budget of 900 kroner a year for the school they had been unable to afford to replace broken windows and broken door knobs.

With these tragic sights and others in the back of his mind, Christian Kelm-Hansen feels the following changes should be made in aid policy:

"One must put a stop to new projects no matter how necessary they may be, whether they are in the education or the health sector. At the moment Tanzania simply does not have the funds that are needed to operate and maintain the projects. At the same time there must be a consolidation of the projects that have already been started. Finally there must be a reorganization of aid so that some is given in the form of import subsidies--in other words,

making it possible for the recipient country to import some of the raw materials and spare parts that are needed for the fragile industries that exist in the country to function at all.

"Those are somewhat abrupt changes, but experience shows that aid must be routed to the most vital areas, for example so that medical supplies are limited to the most essential--30 to 35 drugs. That of course is a somewhat harsh way to handle this, since in reality we are telling them that there are some diseases that they do not have enough money to be treated for. They will have to die from those. That is especially pointed up by the fact that we in Denmark are currently discussing whether a single patient should receive 20 million kroner worth of treatment. That really demonstrates that there is an upper class in this world and Denmark belongs to that upper class."

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## PAPER LAUDS CAREER OF EIGIL JORGENSEN, NEW AMBASSADOR TO U.S.

Copenhagen BERLINGSKE TIDENDE in Danish 15 Nov 83 p 14

[Editorial: "Time for Change"]

[Text] As of today, there will be a change of directors at the Ministry of Foreign Affairs, which in itself is not an important event--though, throughout history, there have been fewer such changes than one might think. Traditionally, the top state official at the Ministry of Foreign Affairs has remained in that office for quite a long time. Nevertheless, there is good reason to note the change which is taking place today, when Ambassador Otto Moller assumes the directorship held by Eigil Jorgensen, who is going to Washington as our ambassador to the United States.

It is appropriate to use this occasion to express our appreciation for the many years of government service rendered by Eigil Jorgensen. Originally a diplomatic service official, he was appointed to head the State Department in 1965 and, after a very brief return to diplomatic service as our ambassador to Bonn, Germany, he has been director of the Ministry of Foreign Affairs since 1974. Thus, for almost 20 years, he has held a position which made him a central figure among government officials and, by virtue of holding these two posts, he has been a close advisor and guide to prime ministers and ministers of foreign affairs in Denmark. As head of the State Department, he has been involved in all the important decisions a government must make and, on that basis, his influence as Ministry of Foreign Affairs director has been extraordinary and beyond the required duties of that post.

It might be wrong to compare him to the famous Peter Vedel, who for almost 50 years was the dominant figure among Danish diplomats as director of the Ministry of Foreign Affairs before the system was changed, but it would be a mistake not to acknowledge an equally very important contribution to public service on the part of Eigil Jorgensen. Jorgensen's term of office was fraught with important decisions and challenges based on political power changes requiring the re-evaluation of Denmark's foreign and security policies. History will no doubt confirm our opinion about Jorgensen's importance as a government official. But his work also made a lasting impression on the ministry itself. It was during his term of office that the Ministry of Foreign Affairs got a new home and a new top-level organization.

As our ambassador in Washington, Eigil Jorgensen will be far removed from what is called the halls of power. But here at home, there will be people in the halls of power--ministers and other government officials--who will be talking about the fact that we have a diplomat on the other side of the Atlantic who will always remain the wise concellor.

## LEFT-SOCIALIST PARTY CONGRESS ATTACKS NATO MISSILES, SCHLUTER

Copenhagen BERLINGSKE TIDENDE in Danish 27 Nov 83 p 2

[Article by Solveig Rodsgaard: "Left-Socialist Congress Is Closed to the Press"]

[Text] The main themes for the delegates are the fight against the NATO missiles and the fight against the non-socialist government.

The main political task for the Left-Socialist Party [VS] is to overturn the government and cause an election. A Social Democrat minority government will, according to VS, be more receptive to popular pressure in a number of areas, but that does not mean that VS will be a safety net for a Social Democrat government.

Folketing member Preben Wilhjelm emphasized this yesterday at a press conference when he disclosed some of the resolutions which the 13th VS congress will vote on during this weekend.

The congress is closed to the press. A motion from the outgoing leadership to open the congress during the political debate was voted down by 64 votes against 60. Instead a press committee was appointed consisting of Preben Wilhjelm, Folketing member Anne-Grete Holmsgard and Aarhus City Council member Jorgen Lenger. All three voted for an open congress.

"Many believe that there is a certain mystery about a closed congress. It was an attempt to remove that when the leadership moved to have an open congress. There is also the viewpoint that an open congress would be playing to the gallery, that delegates would not discuss with each other, but play to the public," said Jorgen Lenger.

There is a so-called urgent resolution on the political situation: "Social Democracy blusters about a premonition, especially about the person of the foreign minister. But we have previously seen social democracy jump up like a lion and then lie down like a lamb. The latest occasion was in

the LO congress when Anker Jorgensen said, in contrast with the union movement, that it is not time for an election. VS will contribute all of its power to maintaining public pressure on the Social Democrats to overturn the government." And "VS supports every step to prevent the deployment of the 572 missiles."

In a proposed resolution on the fight against arming worked out by the VS Antimilitary Committee, it said among other things about the NATO missiles that, "At the same time as the activities continue against the deployment of the 572, we must discuss what we will do if the 572 are deployed. Such discussions are important to avoid defeatist voting and irresolution in the peace movement if the 572 are nonetheless deployed."

The congress will also discuss the EC election, and in a proposal from the Europe Group it is said that VS will participate through technical cooperation with SF [Socialist People's Party] and the People's Movement Against EC as in 1979 in order to strengthen the combined opposition as much as possible, so no vote is lost. And VS will take the initiative on international cooperation until the election to create an international campaign against EC with like-minded parties. "Workers in all countries unite. International solidarity against EC. Fight EC capitalism. Follow Greenland: Put EC on Ice."

The VS congress will conclude on Sunday afternoon.

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POLITICAL

DENMARK

BRIEFS

LIBERAL PARTY ORGANIZATION BACKS NATO--A new liberal peace and freedom society has been formed in Copenhagen with Liberal Party Folketing candidate Ole Pagels as chairman. The purpose of the organization is to unite all who want to support the cause of peace and freedom on a liberal and democratic basis. The new organization will strongly support Denmark's membership in NATO, Ole Pagels said at the general meeting that founded the group. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 1 Dec 83 p 2] 6578

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## VAYRYNEN AT PARTY MEETING ATTACKS FOREIGN POLICY CRITICS

Helsinki HUFVUDSTADSBLADET in Swedish 27 Nov 83 p 17

[Article by Jan-Anders Ekstrom: "Foreign Policy Should Not Be Converted"]

[Text] Kemi. Foreign Minister Paavo Vayrynen seriously warned the Center Party delegation on Saturday against all attempts to discard or change the concept of the "Paasikivi-Kekkonen line" in connection with the country's official foreign policy. According to him, this could lead to misunderstandings.

Vayrynen noted that recently in different connections people have adopted attitudes toward the central foreign policy concept "Paasikivi-Kekkonen line."

"Some have said that this concept should no longer be used. The present government's program is interpreted in many quarters as if our foreign policy line is no longer called the Paasikivi-Kekkonen line. On the other hand suggestions have been heard that the name of the Paasikivi-Kekkonen line should in some way be given a new form," said Vayrynen.

"I do not believe that those who want to bury the concept of the 'Paasikivi-Kekkonen line' are trying to give a new interpretation to our postwar foreign policy, or to change the foreign policy line. Such a faulty impression can, however, arise if one is not exact in his choice of words," he said.

"When well-known concepts are taken out of use, the impression is easily formed that a change is taking place, or is intended to take place in the contents of the policy.

"Although the concept of the Paasikivi-Kekkonen line perhaps sounds liturgical, that is also a reason to continue to use it as an exact formulation," said Vayrynen.

The foreign minister also protested against efforts from President Kekkonen's opponents to try and give an entirely new picture of central historical foreign policy events--a picture which departs from the truth.

"These efforts are of course fruitless, the historical truth exists. Those who try afterward to change black to white only put themselves in a strange light."

#### Criticism of Pekka Vennamo

The foreign minister probably was alluding here to a speech which was given recently by the chairman of the Rural Party, Pekka Vennamo, in which it was claimed that the foreign policy should not be changed even if Honka had been elected president of Finland.

During the debate in the party delegation, there were several statements directing sharp criticism against the speech by Pekka Vennamo. That was accompanied by hints that the Center Party should consider withdrawing its ministers out of a government where other parties express such heretical views.

In his statement Vayrynen also spoke of the foreign policy responsibility which people in official positions have. He referred to Riksdag deputy speaker Mikko Pesala whose comments on the importance of cruise missiles for the nuclear weapon-free zone in the Nordic countries he indicated as strange and faulty. He described Pesala's assumption that there is no longer reason to try and set up such a zone as being in direct conflict with the country's official line.

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## CENTER PARTY SEEN RALLYING BEHIND FOREIGN MINISTER VAYRYNEN

Helsinki HUFVUDSTADSBLADET in Swedish 27 Nov 83 p 3

[Article by Jan-Anders Ekstrom: "Reelection in Sight--Broad Support for Vayrynen"]

[Text] Kemi. Chairman of the Center Party Paavo Vayrynen is sitting very firmly in the saddle before the party congress in Nyslott in June next year, despite much speculation to the contrary. The introduction to the meeting of the Center Party delegation in Lapland on Saturday was a brief but surprisingly clear message that the controversial party chairman enjoys broad support within his party in spite of everything.

The party already appears to have decided on reelection, not only of Paavo Vayrynen but also of the entire leadership. The attitude is that the Center Party should devote itself entirely to the communal election and not waste time and energy on destructive personal conflicts.

The question of a party chairman, which has long caused speculation about different possible candidates to oppose Vayrynen and about avoiding comments in the circles concerned, was brought into immediate focus at the delegates meeting by Antero Aho from northern Osterbotten.

He complained that Vayrynen had been "left along" so long in the debate, and he demanded clear notice from the party's three vice chairmen about their views on the chairman question.

Later during the day it came out, even if only in a couple of cases and rather vaguely, that the vice chairmen are inclined toward reelection. Several individual delegation members expressed not only direct support for Vayrynen, but also praise. Criticism was conspicuous by its absence.

Besides, the introduction to the delegates meeting gave notice that the Center Party would raise its political profile, even though not according to the model of the Rural Party.

Also noted was a presentation according to which there is reason to begin now looking for a suitable center-oriented presidential candidate for the next presidential election. The speaker expressed the belief that the popular majority would hardly have a president who represents the "ideology of the left."

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## SOVIETS SENDING SIGNALS TO EASE FEARS ON CRUISE MISSILES

Stockholm SVENSKA DAGBLADET in Swedish 2 Dec 83 p 4

[Article by Jan-Anders Ekstrom]

[Text] Helsinki--The deployment that has now begun of new American missiles in Western Europe has led in Finland to broad discussion and all kinds of reflections on the consequences of the new military policy situation for that country.

After a certain amount of nervousness behind the political scenes a few weeks ago they are now looking toward the future with more confidence.

In recent weeks there have been both purely military and political evaluations of the situation. There have been more subdued reflections of what the Finnish-Soviet Friendship, Cooperation and Mutual Assistance Pact looks like in the new situation.

Parliament's second deputy speaker, Center Party member Mikko Pesala, got big headlines when in a recent interview he candidly explained that with the entry of cruise missiles on the European military policy scene the plans to set up a Nordic nuclear-free zone could really be shelved. Instead Finland should stress the reinforcement of its defense in order to repel these missiles, he said.

#### Stronger Air Defense

Lieutenant Colonel Gustav Hagglund, who has been secretary of the most recent parliamentary Defense Committees, has also called publicly for a reinforcement of air defense. According to him such a reinforcement is especially needed in Lapland, since a hypothetical cruise missile attack on the Soviet Union over Finland would most likely occur in the shadow of the northern mountain ridge. However Hagglund does not agree with Pesala's view of the consequences the development has for a nuclear-free zone.

According to Foreign Minister Vayrynen's assessment, the new land-based missiles do not represent a direct threat to the security of Finland and

Sweden. But the missiles that are deployed on submarines, ships and airplanes in adjacent regions do. It is important to try to guard against them in some way.

#### Priority on Political Measures

The latest thing the foreign minister has said with reference to this problem is that political measures and activities will continue to be given priority over possible military steps when Finland orients itself to the new situation.

In the period 13-16 December, Foreign Minister Vayrynen will pay an official visit to Moscow. The invitation for this visit in a situation when the talks in Geneva were about to end in failure touched off fears among the Finnish foreign policy leadership, judging by various signs, that the Soviet Union was planning in some way to take up Finland's position as well as the commitments of the Friendship and Mutual Assistance Pact in the new situation. There were fears that the Soviet Union would discuss how to regard the treaty's stipulations on military consultations to meet a determined external threat in light of the new situation.

President Koivisto's admonishing foreign policy letter to 30 editors in chief was regarded as a sign that the situation was felt to be especially sensitive.

However, later on there seem to have been some reassuring signals from the Soviets on this point. President Mauno Koivisto said definitely in all the interviews on the occasion of his 60th birthday just a week ago that there was nothing in Finnish-Soviet relations to give rise to anxiety. The fact that he was decorated on his birthday with the Order of Lenin was also taken as a sign that the Soviet Union was determined not to try to put pressure on Finland in any way in the new situation.

#### Moderating Signals

The latest in a series of moderating signals is that Soviet Ambassador V. M. Sobolev made a striking omission in his speech when he made a brief statement in connection with the exchange of the documents on the extension of the VSB [Friendship, Cooperation and Mutual Assistance Pact] treaty's period of validity to 20 years in Helsinki on Tuesday. Sobolev refrained from emphasizing that the Soviet Union would continue to follow developments on its northwestern border closely.

This does not mean that the obligations of the Friendship and Mutual Assistance Treaty will not be brought up for discussion during Vayrynen's visit to Moscow. The good and trusting relations make it possible to discuss everything either side wants to take up, even without any preparation. Thus there has been a good deal of emphasis given to some semiofficial statements from the leaders of the Foreign Ministry that the word "consultations" no longer has the same dramatic implications as it did in the

past. Contacts are now so close that consultations can be said to occur every now and then.

The circumstance that the preparation of the communique on the visit occurred without any problems at all added to the feelings of confidence about the upcoming visit to Moscow.

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## ALTHING DEBATES QUESTION OF U.S. RADAR BASE CONSTRUCTION

Reykjavik MORGUNBLADID in Icelandic 16 Nov 83 p 26-27

[Article: "Foreign Minister Geir Hallgrimsson: Interest in Radar Bases--No Formal Request"]

[Text] "Icelanders Would Take Over from the Americans. People's Alliance Playacting before Party Congress," Said Arni Gunnarsson.

"No formal request has been received but representatives of the Defense Force have shown interest in building radar stations to replace the ones that were closed down in Vestfirðir and in North Austurland a little over 20 years ago. New bases would, however, be considerably simpler to operate. Instead of a staff of over one hundred people (insert:Americans), 10-15 people would work at the new bases and the operation of those bases could be undertaken by the Icelanders similar to what is now happening at the Loran station at Gufuskalar." This is the beginning of the answer given by Foreign Minister Geir Hallgrimsson to the inquiry made by Steingrímur J. Sigfússon (People's Alliance) about a conceivable construction of radar bases in cooperation with the Defense Force. The foreign minister emphasized that these would be security bases and surveillance basis, if this came about, which would serve the Icelanders' needs for surveillance of ships and aircraft in our airspace and our territorial waters.

Could be Useful

Steingrímur Sigfússon (People's Alliance) asked: What is the nature of the projects that are planned in the N-Austurland and the Vestfirðir on behalf of the U.S. Forces?

Foreign Minister Geir Hallgrimsson answered the aforementioned and add as regards content:

Parallel to the radar bases at the Vestfirðir and N-Austurland there is considered need for a renewal of the base at the S-Austurland and the staff there would then be reduced considerably and the Icelanders would take over its operation.

Ever since the radar bases at Langanes and Straumnesfjall were closed down, radar equipped aircraft of various types have been used to bridge the gap that was created when the bases stopped operating. This arrangement is far from being satisfactory, and the present aircraft fleet is in no way capable of maintaining constant surveillance flights in the aforementioned areas. For that to happen, it would be necessary to increase the aircraft fleet and personnel considerably. At the same time, flights approaching from the north have increased greatly.

Steingrímur Sigfússon (People's Alliance) asked: "Have discussions been undertaken about such projects?"

Geir Hallgrímsson answered as regards contents. "Discussions have been going on about how to best conduct the study of the matter. The Foreign Ministry has asked Associate Professor and Aeronautical Engineer Þorgeir Pálsson to handle the study in consultation with representatives from the Icelandic Coast Guard, the Post and Telegraph Administration and the Civil Aviation Administration. This study will, among other things, cover technical factors that might be useful for the aforementioned institutions, such as in air control of commercial air traffic on domestic air routes and international flights and data gathering for the Icelandic Coast Guard.

Steingrímur Sigfússon (People's Alliance) asks further: "Have any studies been made for the preparation of a site for such projects, and if so, has it been done with the permission of the Ministry?"

Geir Hallgrímsson responded as regards contents: "The Ministry has authorized the Defense Force to conduct optical vision measurements in various places in the country. Further studies will be made in cooperation with the Ministry and selected technical parties.

No conclusions are on hand about the choice of sites but there are many indications that the old sites at the Vestfirðir and N-Austurland might be the most suitable choices.

#### Disarmament--Armament

Steingrímur Sigfússon (People's Alliance) said it was entirely against public demand for disarmament to increase armament here now. Military projects were being sneaked into the country under the cover of arms [Arónska is a policy suggested by a man named Aron: let the Americans pay].

Svavar Gestson (People's Alliance) referred to a number of petitions, among others from the Vestfirðir Parsons' Society and the Electoral Council of the Progressive Party in the Norðurland Eystra, against these projects and he said that the occupation was being extended over the whole country.

## Under Study

Prime Minister Steingrímur Hermannsson said that this matter had not been discussed in the government. It would be impossible to take a position without more detailed information. A study should definitely be conducted of the use Icelanders could make of such radar bases in connection with flights over the country, marine traffic around it and in our territorial waters and to prevent accidents.

## Interesting Progressivism

Hjorleifur Guttormsson (People's Alliance) said that preventing accidents was a weak excuse for expanding military projects in the country. This is an interesting progressivism that is being expounded here. He said he was surprised that this matter had not been discussed in the government at the initiative of the Progressive Party.

## Hundred and Fifty Wars--Ten Million Died

Birgir Isleifur Gunnarsson lauded the debates about the value of the radar bases. Debates and information are necessary preliminaries before it is possible to take a position. One hundred and forty wars have been fought in various places in the world since the Second World War ended and ten million people have died and more have been wounded. Peace has been successfully maintained in our part of the world because of defense cooperation of the democratic states. The People's Alliance wants to break this defense chain. This position of theirs would be more dangerous to us than almost anything else if it came to be.

## The Soviet Union and the North Atlantic

Arni Johnsen (Independence Party) referred to sources about increasing traffic of Soviet aircraft and submarines in the vicinity of Iceland. Their aircraft cruise in the area for two reasons: firstly, on direct espionage flights; secondly, an route to Cuba. The air routes have changed and have moved more to the west and to the north between Iceland and Greenland. Last year there were 150 calls made on Defense Force aircraft to monitor the Soviet air traffic. The same applies to surface ships and submarines. This shows the necessity for good surveillance, aside from the advantage that could be taken of the radar bases by the Icelandic Coast Guard and the Icelandic security guard in the air and at sea.

## Radar Bases in Peacetime and Wartime

Ingvar Gíslanson (Progressive Party) said this was a sensitive issue. I am one of those who think that caution should be displayed in increasing the activities of the Defense Force.

Sigríður Duna Kristmundsdóttir (the Women's List) said that the foreign minister had expounded on the role of radar bases in peacetime. She asked the foreign minister: "What is the use of these bases in wartime?"

Skuli Alexandersson (People's Alliance) said that the radar base at Gufuskalar Snaefellsnes was a good monitoring station but a military project nonetheless, although it served the fishing fleet and was manned by Icelanders.

#### Important in Peacetime, More Important in Wartime

Foreign Minister Geir Hallgrimsson said that the traffic monitoring and security surveillance of the radar bases is important in peacetime. Their surveillance value is, however still more in wartime. But hopefully we will not have to think about war in Europe.

Radar defense in Iceland, in the hands of Icelanders and for Icelanders, is important. The endeavor to prevent war is of no less importance. I agree with Ingvar Gislason (Progressive Party), said Hallgrimsson that we must be cautious and make decisions after careful considerations. This would mean that Icelanders would take over jobs that are now being performed by the Americans, so in fact these changes, if they come to be, mean a "reduction in the activities of the Americans" as some people phrase it. The loran station at Snaefellsnes is under the authority of the Post and Telegraph Administration. The same would apply to the new bases if this would materialize.

#### Four to Five Hundred Americans Worked at the old Radar Bases

Tomas Arnason (Progressive Party) said that four radar bases were operated here on behalf of the Defense Force: in Sandgerdi, in Vestfirðir, in Langanes and at Stokksnes. The total number of American personnel was 400-500 people. Two of the bases have been closed down; two are still being operated by 230 people from the Defense Force. If the change would be implemented to four radar bases with the latest equipment to replace the operation of the two existing radar bases, 10-15 Icelanders would work at each of the new bases and the 230 Americans would not be working there anymore. This can hardly be called an increase in the activities of the Americans.

#### The Search for Common Cause for the People's Alliance Party Congress

Arni Gunnarsson (Social Democratic Party) asked, among other things: Why this sudden interest by the People's Alliance in the radar bases; why the total lack of interest while the party was in the government no so long ago? Are they perhaps creating a "common cause" for the upcoming People's Alliance National Congress?

Does the People's Alliance think that the radar bases are more dangerous for us than, for example, nuclear submarines that cruise around the fishing banks and carry radioactive equipment? They do not call for protest against that.

## Sailing Towards Crisis

Stefan Benediktsson (Alliance of Social Democrats) said it showed lack of responsibility when sailing towards crisis to waive projects such as these radar bases in front of people who are faced with unemployment. He said it was amazing that the foreign minister had in his speeches refused to contemplate the possibility of a war situation.

## When did Binoculars Become a Threat?

Olafur Th. Thordarson (Progressive Party) asked as follows: When did Icelanders lose the right to follow traffic in their airspace and territorial waters with the technical equipment that is best suited for security surveillance? Since when did we lose the right to establish safety measures such as are being discussed in our country. And since when were binoculars a threat but a radar base is in reality the binoculars of current technology.

## Never Discussed in the Last Government

Svavar Gestsson (People's Alliance) asserted that the radar bases had never been discussed in the previous government. This was a matter of increased armament of the Americans in Iceland. What is needed to increase surveillance and security at sea and in the air, we must finance and provide ourselves.

Steingrímur Hermannsson (People's Alliance) said that arms are arms whatever they are called.

Siridur Duna Kristmundsdóttir (the Women's List) said it was worth consideration that the foreign minister did not at all visualize the possibility of war in Europe.

## The Obligations of an Independent Country

Fridrik Sophusson (Independence Party) said that an independent nation must ensure its security interests and follow closely what was happening in its airspace and territorial waters. He asked Skuli Alexandersson (PA) whether the Loran station at Snaefellsnes did not serve the security interests of the seamen. We must know what is happening around us; it serves no purpose to stick your head in the sand as does the ostrich.

Foreign Minister Geir Hallgrímsson said it was a good omen that the spokesmen for the Alliance of Social Democrats and the Women's List now seemed to realize the danger of war in the northern regions and even better that they realized what had secured peace in our part of the world and what could prevent war.

## The Radar Base in Keflavik

Prime Minister Steingrímur Hermannsson said there was not enough information on hand to make a decision in this matter. He reminded people that the radar

base in Keflavik serves a role for incoming and outgoing Icelandic aircraft at Keflavik Airport and for flights to Reykjavik Airport. Does the People's Alliance want to reject this service?

Skuli Alexandersson (People's Alliance) said that it had been foreseen long time ago that the Gufuskal base would be closed. If it had not been there, we would have solved this in another manner.

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## OPPOSITION TO U.S. RADAR BASE LED BY THREE MP'S

Reykjavik MORGUNBLADID in Icelandic 17 Nov 83 p 7

[Commentary by Staksteinar: "Discussion about Radar Bases"]

[Text] Today, STAKSTEINAR comments on discussions in the Althing last Tuesday about new radar bases in Iceland, and attention is called to the statements of three new MPs from the opposition. Olafur Th. Thordarson, representative from the Progressive Party in Vestfirðir, hit the nail on the head in these discussions when he asked: "Are binoculars above a certain strength a threat to foreigners if they are used at mountain peaks here?"

## The Route to Deputy Chairmanship?

All indications are that the fight for the deputy chairmanship will be between Vilborg Hardardóttir and Steingrímur J. Sigfússon at the National Congress of the People's Alliance. Sigfússon is the latest addition to the ranks of the People's Alliance in the parliament and has been quite noticeable in recent days. He speaks strongly when he discusses the independence and the security of the nation, and goes at least 20 years (if not 30 years) back in his arguments which are for the most part based on making the Soviet Union look as good as possible. When the invasion of Grenada was discussed, Sigfússon said, among other things, in a parliamentary speech: "It is clear that this invasion violates international law. And to a degree it is worse and more immoral than the Soviet invasion in Afghanistan, which was referred to here, as nobody, not even a puppet government, asked the Americans for assistance." By these words, Steingrímur J. Sigfússon repeats the international lie that Hafizullah Amin, president of Afghanistan, had called for the Soviet invasion troops, but he was the first leader in Kabul the Soviets had killed.

During discussions in the Althing about ideas for new radar bases in Iceland, Sigfússon contributed this: "Last December, the B-52 Bomber started practice runs from the United States out to the North Atlantic and it is clear that the appearance of aircraft that can carry medium range nuclear missiles and can launch them in flights at up to 2,500 kilometer distance from the target, is a new and alarming threat from the Soviet point of view, and their only

alternative in times of conflict is to shoot the aircraft down and destroy all equipment connected with them before the aircraft launch their missiles, that is to say in the air above or south of Iceland."

It did not come forth in the MP's speech what he thought would be the proper thing to do on the occasion of his statement; whether Iceland should be relocated on the globe; whether it should be arranged thus that the Soviets can shoot down the U.S. aircraft somewhere else, for example, by granting the Soviets use of Icelandic territory or whether the western states should disarm unilaterally so that the Soviets could operate freely everywhere in the norther hemisphere. Of course, Sigfusson did not mention at all that it is the Soviets who have changed the strategic position in the air and at sea around Iceland with expansion and various aggression.

It will become clear in the next few days whether this kind of argumentation is the safest way to achieve the deputy chairmanship in the People's Alliance.

What about War?

In these discussions about the radar bases, Foreign Minister Geir Hallgrimsson put the main emphasis on the fact that because of powerful defense systems on behalf of the Nato Alliance, the potential enemy did not dare attack the countries in the Alliance. This policy must be maintained firmly. Hallgrimsson thought that Sigfusson's military aggression was alarming and said: "Here in Iceland we are maintaining defense preparations and surveillance with the aim of preventing outbreak of war..."

After the foreign minister had stated this view, Sgridur Duna Kristmundsdottir from the Women's List and Stefan Benediktsson from the Alliance of Social Democrats, spoke, among others. Their speeches caused attention for the same reasons. They said it was unrealistic for the foreign minister to base the defenses of Iceland on a peacetime situation. Stefan Benediktsson said about this: "Then he (Geir Hallgrimsson, insert: STAKSTEINAR) categorically refuses to think of war situation. At one time this would have been said to characterize great lack of reality or not to have both feet on the ground." And Sigridur Duna Krstimundsdottir asked: "Does the minister really not think it to be within his scope of duties to consider the possibilities regarding Iceland's position in this connection (that war might break out in Europe. Insert:STAKSTEINAR)? Is such a position defensible in a world that has at its disposal weapons capable of total destruction such as the nuclear weapons? I want to ask the assembly to consider this."

Commenting on these speeches, Hallgrimsson said: "I am particularly pleased that the spokespersons for the Alliance of Social Democrats and the Women's List do show the perception at all for the need to discuss how to react if something as dangerous as war would break out, but above all I hope that the spokespersons for those two parties are prepared to make the arrangement in Iceland that are suitable to prevent war from breaking out. And that is the main goal of the defense preparations in Iceland."

If Kristmundsdottir and Benediktsson do not support the foreign minister's view, their policy must be that nothing should be done to defend Iceland, but that view is the surest way to disaster.

## PEOPLE'S ALLIANCE CONGRESS ELECTS NEW DEPUTY CHAIRMAN

## Program Amendments Despite Opposition

Reykjavik MORGUNBLADID in Icelandic 22 Nov 83 p 46

[Article: "Amendments Approved Despite Strong Opposition: Vilborg Hardardottir Elected Deputy Chairman, Svavar Gestsson Reelected Chairman"]

[Text] The People's Alliance National Congress ended last Sunday evening. Svavar Gestsson was re-elected chairman of the party, Vilborg Hardardottir, publishing director, was elected deputy chairman and Helgi Gudmundsson, carpenter and councilman in Akureyri, was elected secretary. There were no other nominations for these offices. Margret Frimannsdottir, teacher and chairman of the county council in Stokkseyri, was elected treasurer with 186 votes. She was nominated by the nominating committee for the office. There were two nominations from the floor for the office of the treasurer, Himlar Ingolfsson, headmaster and town councilman in Gardabaer, received 32 votes, Haraldur Mohannsson, economist, received 3 votes. Three ballots were void and invalid.

After great disputes, the National Congress approved new laws for the party, which, among other things, anticipate reshuffling in the party's association system. With the amendments, the People's Alliance members can establish "special" groups, as they were called in proposals at the meeting, for individual interest purposes, and these units will have the same rights as the regional associations had to elect representatives at the National Congress, etc. The new laws also include a new quota division between sexes, so that each sex will now have at least 40 percent of the representatives in all party institutions. The new laws also include an increase in the central committee of the party and later at the meeting, 70 representatives and 20 deputies were elected.

There were severe disputes about the amendments at the congress. The leadership of the party's labor-wing severely criticized the party leadership and it was said, among other things, that the problems the party was having did

not stem from the party laws but from the party leadership which must be changed. The lack of communication between the party and the labor movement was constantly being mentioned and Karl Sigurbergsson said, among other things, that the law amendments were being undertaken with extreme intensity. He proposed, when he spoke about rules of procedure after the main part of the law amendments had been approved, that the People's Alliance be named the "Prostrate Grassroots Association" in compliance with other neologism for other political associations.

The main portion of the law amendments was presented separately and approved by 162 votes to 18. When the laws in their entirety came to a vote, seven were against and Ludvik Josephsson, former chairman of the party, asked the the votes against be counted, but he was one of the seven who voted against it.

There were severe disputes at the congress about proposals in foreign affairs which are reported elsewhere in the paper. The position of the parliamentary group of the party on municipal affairs was strongly condemned by the councilmen. Logi Kristjansson, mayor of Neskaupstadur, said, among other things, in discussions about this matter that the slogan of the congress "Future Without Fetters," applied very well to the councilmen within the People's Alliance and that he could not understand the position of the MPs at all. The dismissal proposal of Skuli Alexandersson, member of parliament, of the municipal affairs proposal was then approved by 54 votes to 43.

There were also many discussions on a proposal about sales monopoly of eggs, poultry and pork. The general assembly recommended that the proposal be referred to the central committee which was approved by 57 votes to 34. Strong unity among women was noticeable at this congress which was best manifested in the election of the party deputy chairman.

The National Congress approved a political resolution under the heading "Address to Icelanders." Also, proposals for equality affairs, education, foreign affairs and more were approved.

#### Central Committee Nominations, Elections

Reykjavik MORGUNBLADID in Icelandic 22 Nov 83 p 46

[Article: "Olafur Ragnar Grimsson and Asmundur Stefansson Received Most Votes: Throstur Olafsson Deputy in Central Committee"]

[Text] Seventy representatives and 20 deputies were elected to the central committee at the People's Alliance National Congress over the weekend. The greatest number of votes was received by Olafur Ragnar Grimsson, or 270 votes and Asmundur Stefansson received 263 votes. Both had been nominated by the nominating committee. Throstur Olafsson, who was also nominated by the nominating committee, did not receive enough votes. He received the 11th seat as a deputy with 161 votes.

The nominating committee nominated Editor Kjartan Olafsson for the slate. He, however, received the least number of votes of those who were elected deputies along with Krijstan Valdimarsson, staff member of ABR (the Reykjavik Division of the People's Alliance), Ragnar Arnason, economist and Helga Birna Gunnarsdottir, or 153 votes. Haukur Mar Haraldsson, who was not nominated by the nominating committee, was not elected, received only 121 votes.

According to the new laws, the number of central committee members will increase from 46 to 70 besides the chairman, deputy chairman, secretary and treasurer who are now automatically elected to the central committee. The nominating committee made proposals about main representatives and deputies but there were 19 additional nominations from the floor.

A so-called point system applies for elections for the central committee, so that the figure 3 will be marked against 3 names, the figure 2 against 3 more names and the figure 1 against 74 names. The voters were then obligated to elect four people from the Reykjanes voting district, three from the Vesturland voting district, three from the East Nordurland voting district, three from the Vestfirðir voting district, three from the Austurland voting district and three from the Sudurland voting district. Three people were automatically elected from the West Nordurland voting district and seven from the Youth Organization as these parties had equal number of candidates that were to be elected from their ranks. A total of 219 votes were cast. Nineteen of the votes cast were invalid.

#### Foreign Affairs Concerns

Reykjavik MORGUNBLADID in Icelandic 22 Nov 83 p 47

[Article: "Foreign Affairs Severely Disputed at the People's Alliance National Congress: Gestsson Tries to Pull Rank in the Kremlin Manner One of the 'Frostbite' Symptoms of the People's Alliance, Said Vigfus Geirdal"]

[Text] "It is like some kind of frostbite on the People's Alliance that manifests itself in the views when Svavar Gestsson began to take on a Kremlin-like mien and tried to pull rank to dismiss the proposal made by Erling. It is not even correct what he is saying that it was natural for the party to maintain foreign cooperation," said Vigfus Geirdal, representative to the People's Alliance National Congress, among other things, in severe disputes that took place at the congress because of proposals that came forth in debates on foreign affairs at the congress.

The disputes arose over Erling's proposal that the People's Alliance should establish relations with socialist parties in the neighboring countries which hold the same basic views as the People's Alliance. Strong words were also used about the amendment proposal presented by Haukur Mar Haraldsson and others for a draft of a resolution by the working group of the congress on foreign affairs with regard to the invasion of Afghanistan, as well as the situation in

Near East affairs. Hjorleifur Guttormsson also demanded that the draft presented by the congress working group would again include portions of the discussion report that was prepared before the meeting and that was presented to the working group. These portions of the report deal, among other things, with condemnation on the Soviet government because of the "elimination war against the Afghans" and the Soviet regime, "a regime that is nourished by restricting personal freedom of action of the people and is strengthened by trampling on nations' self-determination which will not rightfully be ascribed to socialism." It states verbatim in the aforementioned paragraphs. Guttormsson said, among other things, in his speech that he recommended that these paragraphs would be put back in: "I want in fact to state that I think that the East European countries do not deserve to be called socialistic states so that nobody will be in doubt about my position on that." Guttormsson also recommended that the proposal to take up cooperation with socialist parties be dismissed. Gudrun Helgadóttir, who was in charge of the congress working group, said when she introduced the group's conclusion, that the latter paragraph had been dropped as people had agreed that even though many bad things could be said about the Soviet Union this was an exaggeration.

The proposal presented by Haukur Mar Haraldsson of changes in the working group's draft contained, among other things, that instead of the words "for 3 years the Soviet government has fought a major war in Afghanistan" would be: "for 3 years a bloody war has been fought in Afghanistan." The Soviet Union is not mentioned in Haraldsson's amendment proposal but in the working group's draft, instead of a demand that Soviet troops leave Afghanistan, the following is stated: "The congress points out that such development is the basic prerequisite for the possibility of building up a society of social justice and equality that is the objective of the social revolution in the country." Party Chairman Svavar Gestsson spoke harshly when he started discussions about the proposals that had been introduced. He said that the People's Alliance had to dismiss Haraldsson's proposal and he made a special reference to its conclusion about Afghanistan. After Gestsson's speech, one of Haraldsson's cosponsors of the proposal, Margret S. Björnsdóttir, withdrew her support.

Many discussions followed Gestsson's speech. Thorbjorn Broddason and Hjorleifur Guttormsson agreed with Gestsson that the proposals be dismissed. Broddason pointed out especially that no socialistic revolution was taking place in Afghanistan but an invasion was. He also said that Erling's proposal had no place at the congress as it caused a misunderstanding.

Other speakers, Vigfus Geirdal, for example, elaborated much on the difference of opinion that prevailed and he said that was like a frostbite on the People's Alliance. He said that a certain group of people pursues a service policy towards the Soviet Union and another group seems to have the need to cleanse itself of some label. He claimed to be a representative of that generation in the party that did not feel it needed either. He recommended strongly that Erling's proposal about cooperation with foreign parties be approved. Moreover, he said that Gestsson was wrong when he said that foreign party cooperation had never been forbidden. He said that as far as he knew, the executive board of the party had forbidden participation in an SF [Socialist People's Party] meeting in Norway. He said in continuation of that: "This

xenophobia, this isolation policy that has characterized the People's Alliance with regard to foreign relations is the reason that for a long time Icelanders were not involved in the struggle about nuclear-free Nordic countries." Bergthora Gísladóttir agreed with Geirdal on the proposal about foreign cooperation. She said, among other things: "Why do you think that peace movement groups all over town are working out so well and have challenged the People's Alliance with respect to peace efforts? It is because they get ideas from foreign parties and maintain organized cooperation with them."

One of the speakers who worked in the congress debating group, Sveinn Runar, elaborated on Guttormsson's amendment proposals and said, among other things, that it was of little use to be performing this "waving of your hands act," as he called it. He said, among other things: "Even though the MORGUNBLADID continues to lie about the People's Alliance supporting the invasion in Czechoslovakia; that Hjorleifur Guttormsson or some other people are responsible for some restriction of freedom and the regime that prevails in the Soviet Union and its violations in the international arena which we criticize, it is of no use for us to end up in the other ditch and enter into some nonsensical extreme which we deemed advisable to eliminate." Sveinn Runar then brought forth an amendment proposal in which the protests of the People's Alliance to the invasion of the Soviet Union into Afghanistan are reiterated.

Great tension had built up during the discussions on Sunday and many people were scheduled to speak when a break was taken in order to conduct elections for the central committee. After the elections, Olafur Ragnar Grimsson announced two proposals for the agenda: on the one hand that all amendments be dismissed, including Guttormsson's proposal condemning the Soviet Union; on the other hand, the proposal about cooperation with foreign socialist parties would be referred to the central committee for further discussions. These proposals were approved and debates ended.

#### Alliance Melting Minority Parties

Reykjavik MORGUNBLADID in Icelandic 25 Nov 83 p 7

[Commentary by 'Staksteinar': "Cooking Minority Parties"]

[Text] In many places in Eastern Europe superficial Communist cooperation with minority parties was a factor in power takeover; "cooperation" that seemed some kind of cooking of "cooperating parties" for the consumption of the dictating party. The People's Alliance is now working vigorously on gathering minority parties in the Althing under its wing of power with the idea in mind of consuming them as time goes by. The question is whether those small parties will crawl into the frying pan of their own free will. Newspaper reports the day before yesterday about a "debating society of the opposition parties" fit in with this takeover message from the People's Alliance chairman.

## Attempt to Break the Isolation

For a long time, the People's Alliance has lived in some kind of ideological isolation. That party, the only one of the Icelandic political powers, aims publicly at revolutionizing Icelandic social structure and establishing here a regime of socialism, which everywhere has ended in a one-party system, nationalization of industries, reduced national production of every working person (accompanied with low standard of living) and restrictions of human rights. The name changes in the past history of this radical socialistic party (the Communist Party/the Socialist Party/People's Alliance) were attempts to break away from this ideological isolation and reach people through other ways than by clear cut message of radical socialism.

It is in light of this historical fact that it is necessary to view the words of Svavar Gestsson, chairman of the People's Alliance, in his opening speech at the party congress recently:

"We will put emphasis on uniting around the People's Alliance all the scores of Icelanders who agree with us on basic points....That is why the People's Alliance should be able to be a common denominator for thousands and thousands of Icelanders who up to now have aligned themselves with other parties....We are going to make the People's Alliance the kind of political power I talked about in the beginning of my speech....The chairman of the Icelandic Federation of labor called this talk about thousands 'bull.'"

## The Debating Society of Opposition Parties

The newspaper VISIR published a news report the day before yesterday that started with these words:

"A group of people from the ranks of the opposition parties has recently been meeting to discuss the founding of a debating society. The purpose of this is to strengthen cooperation and relations between these parties in more areas than just in the Althing and the City Council."

Now, who remembers the Social Democratic "debating society"?

No guesses will be made about what lies behind this nor where the initiative for this "cooperation" originated. It is, however, clear that the People's Alliance has gradually been trying to establish some kind of "cooperation fetters" among the minority parties in the Althing. And it is not unlikely that these actions are attempts to expand that endeavor.

The People's Alliance suffered seriously in the last elections under the leadership of Svavar Gestsson after 5 years in the government. Besides, the People's Alliance has been "developing" from "labor" views into "theoretical" socialism but that "development" is severing the connection with the wage earners which was still somewhat alive despite 14 price compensation cutbacks on wages during its 5 years in power. That is why the power authority of the People's Alliance to influence the implementation of affairs in the society is cut from what it was before. That is the main reason why the People's Alliance

now plans to grab the "power authority" from the small parties on some kind of pro forma cooperation basis. The plotters of radical socialism have always known how to handle the so-called "useful innocents" both here as elsewhere.

### "Irresponsibility and Lack of Courage"

TIMINN, which was one of the main organs of the People's Alliance coalition partners in 1978-1983, said verbatim yesterday in its editorial, among other things: "When the current government came to power, the purchasing power of wages had dropped by 20 percent on the average in 1982 as has been mentioned above. Now, as always before, it is not possible to start a realistic battle against inflation, a battle for improved standard of living, except by taking one step backwards. It is, of course, terrible to have to cut back in standard of living when the cutbacks have already reached 20 percent. But that was absolutely unavoidable if the basis for a new offensive was to be created. Besides, the standard of living would be constantly deteriorating, anyway, if no measures were taken. If Svavar Gestsson's postponement would have been allowed, 2 percent cut in wages would already have occurred in addition to the 20 percent cut already in existence, and the total cut in wages would have been all the more when measures would finally have been taken."

"This report by Arni Benediktsson cannot be refuted. When the previous government left power, the wage cut had already reached 20 percent based on the average for 1982, and in fact more if one looks further back. Some of this was caused by unavoidable reasons, such as catch failure and drop in prices, but one of the main reasons can be traced to the irresponsibility and lack of courage on behalf of the People's Alliance of not wanting to get a firm grip of the inflation while there was still time."

### Social Democratic Paper's Fate

Reykjavik MORGUNBLADID in Icelandic 24 Nov 83 p 37

[Article: "Social Democratic Party Council Meeting Saturday: Future of ALTHYDUBLADID Decided"]

[Text] "Many factors enter the picture and we will submit a range of ideas from closing down the paper to continuing to publish the paper with considerably reduced expenses. Weekly publication has been mentioned, as well as other ideas we are mulling over," said Arni Gunnarsson, alternative representative in the Althing, who is one of three Social Democrats who has been asked to study the status of the ALTHYDUBLADID and submit the recommendations to the party council meeting next Saturday about the future of the ALTHYDUBLADID. As has been reported in MORGUNBLADID, the party chairman and the party deputy chairman have both recommended that the paper be closed down.

The proposal submitted by the party leadership to that effect was not well received by the staff of ALTHYDUBLADID and others and the conclusion was that a committee of three was appointed to study the operation of the paper and make recommendations about its future. Gunnarsson said that the committee had also listed fixed debts and other debts of the paper that were considerable. He did not want to mention any figures but when he was asked, he admitted that the debts were over 6 million kronur. He said it would be the party council's job to make a decision on the future of the paper as in most instances this meant continued financial obligations for the party and the party council regarding the publishing of the paper.

Gunnarsson said that in addition to discussions about the future of ALTHYDUBLADID, party affairs and the status of political affairs would also be on the meeting's agenda on Saturday.

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## INDEPENDENCE CONGRESS ELECTS NEW CHAIRMAN, OTHER OFFICERS

Reykjavik MORGUNBLADID in Icelandic 8 Nov 83 p 48

[Text] "Dear friends and colleagues. I accept the trust you have shown me today with gratitude and humbleness. Great problems accompany this job and it is subject to much relentlessness," said Thorsteinn Palsson after he had been elected chairman of the Independence Party at a Party Congress on Sunday. Palsson received 608 votes, or 56.72 percent of the votes immediately during the first round of the elections, so it was not necessary to vote again which would have been necessary if he had not received 50 percent of the votes in the first round. Fridrik Sophusson received 281 votes, or 26.21 percent and Brigir Isleifur Gunnarsson received 180 votes, or 16.79 percent of the votes.

After the results were clear, Fridrik Sophusson announced that he was a candidate for deputy chairman and Sigrun Thorsteinsdottir from Vestmannaeyjar had earlier declared herself a candidate for the vice chairmanship, Birgir Isleifur Gunnarsson stated in his speech after the election for chairman that he was not a candidate.

The result of the elections for vice chairman was that Sophusson received 915 votes, Sigrun Thorsteinsdottir 26 votes, David Oddsson 25 votes, Birgir Isleifur Gunnarsson 11 votes and others 5 votes. Sixteen ballots were void and 4 were invalid.

The National Congress of the Independence Party votes 11 representatives for the central committee. The following people were elected; the number of votes they received is in paranthesis: Geir Hallgrimsson (902); Bjorn Thorhallsson (774); David Oddsson (744); Einar K. Gudfinnsson (651); David Sch. Thorsteinsson (629); Jonas H. Haralz (527); Odinn Sigthorsson (483); Katrin Fjeldsted (421); Jon Magnusson (407); Jonina Michaelsdottir (407) and Bjorg Einarsdottir (406).

One thousand and five ballots were valid and four ballots were void and invalid.

The parliamentary group of the Independence Party elects five parliamentarians to the central committee. Elected were: Albert Gudmundsson, Matthias Bjarnason, Matthias A. Mathiesen, Petur Sigurdsson and Salome Thorkelsdottir.

## PAPER COMMENTS ON INDEPENDENCE PARTY CONGRESS

Reykjavik MORGUNBLADID in Icelandic 8 Nov 83 p 22

[Editorial: "Secure Position of the Independence Party"]

[Text] Nobody can doubt the secure position of the Independence Party after the National Congress. There is unity on policy within the party and by electing Thorsteinn Palsson party chairman during the first round, the Congress representatives confirmed this unity in their position to the people. Geir Hallgrimsson hands down a secure legacy as he leaves the office of chairman of the Independence Party after 10 years of relentless work.

Kjartan Gunnarsson, managing director of the Independence Party, reminded the Party Congress of the fact that there are about 23,000 party members. This figure alone shows that the Independence Party must be counted as one of the mass movements that requires special attention in view of its many members. It is of great importance that the management control of the party be maintained so that the views of those who follow the call of the party will be reflected proportionally to the number of people who align themselves with those views. The chairman of the party is at the helm of that battle. When the outcome of the Independence Party primaries in the Sudurland was known last January where Thorsteinn Palsson received the first seat, the following comments were made about him here in the paper:

It is a great advantage for the Independence Party, the Sudurland voting district and the nation as a whole to get Thorsteinn Palsson to work in the Althing. The nation became well aware of the fact that this is a man who presents his arguments with logic and fairness after he became the managing director of the Confederation of Icelandic Employers. There is no reason to doubt that he will in the same manner stand guard over the interests of his constituents in the Sudurland district and that the Independence Party has gained a man in parliament who has obtained great political experience outside the party."

Since these words were written, Thorsteinn Palsson has, in a short period of time, advanced rapidly within the Independence Party. With solid and definite support he has taken on great responsibilities. He has gained the trust and confidence of his colleagues and negotiators in the field of collective bargaining.

Under the leadership of Palsson the Independence Party has been united in the Sudurland voting district and disagreements have been resolved in a peaceful manner. In both instances, Palsson has shown that he has qualities that the chairman of the Independence Party needs, to be firm but at the same time to be a conciliator.

The National Congress of the Independence Party changes nothing for the government. Categorical support for the government is declared in the political conclusion of the meeting. No demands came forth at the meeting itself that the party break the coalition with the Progressive Party. The Independence Party wants, broadly speaking, to continue in the same vein in economic affairs. An agreeable conclusion was reached between wage earners and employers and party parliamentarians despite different views on the Provisional Laws concerning the abolishing of the negotiation rights. The policy in foreign affairs and security affairs is still unchanged after the Congress but the Independence Party is the only political power in the country in which there is no vacillation on the conclusion regarding independence and defense of the nation.

Geir Hallgrímsson can with pride look at the position of the Independence Party now when he chooses to leave the electrifying chairmanship. In electing his successor, the Congress representatives skipped a generation, so to speak, and made the decision without even hesitating in view of the risk it entails and without the interplay permitted by the regulations by holding two elections. When Þorsteinn Palsson thanked for the confidence, he quoted Olaf's Saga Tryggvason in Heimskringla where it tells about King Olafur getting angry with Ulfur the Red during the Battle of Svoldur and stringing his bow and aiming at Ulfur who then said: "Aim elsewhere, King, where the need is greater." This is how this new chairman chose a historical slogan that so well describes his intention to avoid disputes within the party and instead to be much stronger in the fight against the opponents. Everyone who wants the freedom of the individual in words and actions and wants a strong guard to be held over the nation's independence must rejoice in the fact that the shield of these views among the political parties is carried by the man who is the chairman and works in this spirit.

9583

CSO: 3626/6

## PAPER ON PROBLEMS OF SOCIALISTS ON OCCASION OF CONGRESS

Reykjavik MORGUNBLADID in Icelandic 20 Nov 83 p 24

[Editorial: "Party in Fetters"]

[Text] The People's Alliance is bound in fetters of the past. The thread from the Icelandic Communist Party which was founded in 1930 under the protection of Joseph Stalin is unbroken. The party's ideology was created by Karl Marx during the middle of the last century. The party policy is based on a theoretical system that has been fatal to more people and led to more misery than any other political policy in this century. Those who now are in the leadership of the People's Alliance seek their strength to a considerable degree from the Socialist Association of Icelanders in the Eastern Bloc (SIA) but unrefutable proofs exist about the work and policy of this unpatriotic association, the SIA-reports in the Red Book, that have been recalled here in this paper in the past days on the occasion of the National Congress of the People's Alliance. Two members from SIA have been named in that game: Hjorleifur Guttormsson, the chairman of SIA and Vilborg Hardardottir. The SIA works closely with the East German Communist Party and in cooperation with it an with financial support from East German authorities, and in 1960, a political science school was established for the Socialist Party in East Germany for 67 members from the party and the Party's Youth Organization. At the People's Alliance National Congress the plan is now to revive the Youth Organization and in the opening speech of the Congress, Party Chairman Svavar Gestsson said the following about the Socialist Party: "It supplied us with...provisions, broadness of mind and international concepts."

The People's Alliance cannot break away from fetters of the past and therefore it tries to play hide and seek in order to avoid it. The same kind of duplicity characterizes similar parties in other democratic states. In order to detract attention from its origin, its history and its basic policy, parties of this type try to sponsor "debates" about this and that without meaning anything by it, in the hope that people will fall for it and align themselves with them. The demagogy becomes more and more obvious the longer the party is in existence. Now, when 15 years have passed since the founding of the People's Alliance, the chairman makes this opening speech at a National Congress, a speech which is poked fun at later in the Congress when one of the speakers repeats the empty slogans.

News from the National Congress confirm the view that after 5 years in the government, the People's Alliance is a more disunited party than ever before. The party leadership is aware of this, but it is a sign of its weakness that the chairman is fighting for ideas to break the party into new units in the hope of being able to dispute and reign. The group responsible for this proposal is under the leadership of Olafur Ragnar Grimsson, the old Modruvellingar [left-wing splinter group in the 70s] who have made themselves comfortable in the party headquarters offices and the THJODVILJINN. The proposals to dismantle the party system were first submitted in an article by Olafur Ragnar Grimsson attacking the party after the losses in the local elections in May, 1982. At the Party Congress, Chairman of the Icelandic Federation of Labor Asmundur Stefansson attacked the changes in regulations which he said would only disperse the party by forming opposite groups.

The party chairman does not only think it necessary to change the party format, he also wants the policy to be taken "under discussion." Now, after 10 years have passed since the political program was approved, experience has shown that there is need to take it under discussion again," said Svavar Gestsson in his opening speech at the Party Congress and announced a "political platform debate" at the end of the meeting, not to change the basic factors, the ideological fetters of socialism, but in order for the new splinter groups to unite about current political trends. Now, the state of affairs of the "political leadership of the labor movement is such" that at its National Congress, the economic adviser of the Federation of State and Municipal Employees speaks out to say that he deplores that at the congress there is not a single document to be found about forming a policy in wage affairs.

Dissention, lack of leadership and ideological fetters characterize the People's Alliance and its National Congress. Gestsson said in his opening speech: "The basic factors that we want to characterize the Icelandic society are the same that characterize our party. It is therefore that the People's Alliance should be able to be a denominator for thousands and thousands of Icelanders who up to now have supported other parties--also the government parties." Asmundur Stefansson hit the nail on the head when he commented on this arrogant statement made by the chairman: "It is bull to say that thousands of people are waiting in line to join the party."

The largest opposition party in the parliament is disintegrating. It has called an unsuccessful National Congress. The People's Alliance has not handled its affairs in a manner that gives it future without fetters.

9583

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## PERSONAL BACKGROUND, POLITICAL REFLECTIONS OF ALVARO BARRETO

Lisbon EXPRESSO in Portuguese 8 Oct 83 p 10

[Comments by Minister of Trade and Tourism Alvaro Barreto to EXPRESSO journalists]

[Text] "I like being a minister and I do not believe anyone should become a minister by force." "I am a pragmatic, a parapolitical man." "I do not believe that the difficulty of problems justifies postponement of the solutions." "Political discourse has not yet resolved anything."

It was with this frontal approach, sometimes surprisingly harsh, even for a "parapolitical" man, that Alvaro Roque Pinho Bissaia Barreto, 47, presented himself to the EXPRESSO newsmen at the traditional luncheon which this newspaper offers here, in the Pahe [a restaurant/bar].

Amiable, natural and calm of gaze, the minister of commerce and tourism behaved more as if surrounded by friends than representatives of the media, who know him only through the government duties he has assumed. For our part, it was as if we were talking with an "outsider," an observer with clear and thought-out criticisms, rather than someone within the power circle who has some of the most chronic and long-standing problems of this country in his hands.

His sincerity was almost shocking when he told us without pretension that he has never been interested in what is called "the area of the arts." "I have never been attracted to books or music," he said, concluding: "I have everything except intellectual characteristics."

## Uninterested in Social Life

He defines himself first of all as a "pragmatist" for whom day-to-day discipline plays an important role. He has led "a very organized life" since the days he was a student. "I never stayed up studying through the night." This is true of his current activities: "I arrive at the ministry rather early, at 8:45 am, but I rarely leave before 8:30 pm."

He always takes papers home to read, devoting only an hour to them. Every night, after dinner, he runs 2 kilometers through Quinta da Marinha, where he lives, and whenever he can, he plays a game of golf or tennis. He recalls the days when he was an avid practitioner of these sports.

He prefers to occupy his mind with "large problems," dealing with "global issues," and this is why he is pleased to be a minister. He is not reluctant to regard himself as a technocrat serving the government, but he says he is "in no way inclined toward the social part of government life." "I do not go to dinners, celebrations or cocktail parties unless my presence is absolutely required," he told us while savoring a cocktail, made of shrimp in this case.

#### Devoted to Sa Carneiro

Completing his description of his personality as a government official--this is the fourth government in which he has served--he told us he regards himself as a "parapolitical" man. His entry into political life in the post-25 April period seems to be due above all to Francisco Sa Carneiro, for whom he says he had the greatest admiration.

"I was never an active militant, but I was always affiliated with the PSD [Social Democratic Party], because I was so enthusiastic about Dr Sa Carneiro as an individual, to whom I went so far as to say: "Join whatever party you want. I will go with you--I only hope it will not be the PCP [Portuguese Communist Party]."

And it was this unstinting admiration for that late politician which dictated Alvaro Barreto's assessment of the two governments in which he participated. The first, installed in November of 1978, had no party support, which in the opinion of our interlocutor left its members free of political pressures. The minister of industry in this cabinet, which was headed by Mota Pinto, termed it in retrospect "a kind of swing in the life of the country." He believes that "it paved the way for the winning of the elections by the AD [Democratic Alliance]."

But it was to be his second round in government, when Francisco Sa Carneiro was prime minister, that would mark him most. "This was one of the richest experiences in my life from the professional point of view," Alvaro Barreto said. He mentioned, apart from Sa Carneiro's strength, the conjunction of a certain number of personalities in a combination he believes it would be difficult to achieve again.

#### From Sa Carneiro to Balsemao

"Sa Carneiro had great determination and imposed very clear leadership. He knew very well what he wanted. Freitas do Amaral logically and rationally provided the solutions needed to achieve the goals clearly set forth by Sa Carneiro. Amaro da Costa shone, thanks to his vivacity and the astounding speed with which he reasoned. Pulido Valente brought in a chaotic and inconsistent vision, railing against everything and everyone," and his presence, according to Barreto, was a major factor in the Council of Ministers meetings.

In addition to these individuals, there were those, in his view, who were "technically very competent," such as Morais Leitao, Cardoso e Cunha and Cavaco Silva.

Then came the Balsemao government, and with it Alvaro Barreto's third service in the government, this time as minister of European integration. He describes the contrast with the preceding executive branch as blatant, and the methods of action of the two prime ministers contained basic differences which our luncheon guest summarized as follows: "The coalition in the Sa Carneiro government was real. We did not feel that we represented different parties. In the Balsemao government, this spirit ceased to exist and we began to represent the separate parties."

According to Alvaro Barreto, the members of the cabinet making up the preceding team had been greatly influenced by the personality of Sa Carneiro, failed to adapt to the new style imposed by Balsemao and "were asking to be released."

He himself resigned in order to return to his management role, accepting the presidency of the board of directors of the SOPORCEL, he told us before tasting his cold roast beef with mayonnaise.

#### Efficient Leadership by Soares

After an interregnum of 2 years, he again accepted a government post to serve as minister of commerce and tourism in the government established 3 months ago by the central bloc. The impressions he voices of this government concern "the spirit of unity" and "the teamwork," of which the relations between the prime minister and his deputies are the leading example, in his view.

Admitting to being "very much impressed by the leadership capacity of Dr Mario Soares," Alvaro Barreto said he believes that the first 3 months of government "had the virtue of persuading the country that the situation is very serious, and that the coming days will involve great difficulties."

On the international level, he stressed the capacity to win back confidence demonstrated by the government in making its determination to resolve the crisis clear.

But the capacity to inspire confidence in the people in general, and in businessmen in particular, will be a determining factor in the next 6 months. Moreover, our guest expressed the view that "this government has one of the last opportunities to resolve the country's problems," for which reason it is "fated to succeed."

"This is the fourth government in which I have participated, and whenever I return, I always find the same problems awaiting resolution," he said, while choosing a peach for his dessert. He explained this situation in terms of the constant ministerial turnover. "In November of 1978, I became the 13th minister of industry to serve since 25 April."

In his view, "either we will be able to resolve the basic questions and the bottlenecks which no government as yet has succeeded in dealing with, and we will resolve them--even if the solutions must be unpopular and difficult, or else, if this situation drags on, it will have unpredictable consequences."

In other words, Alvaro Barreto believes that "the people are tired of promises and no longer believe in political discourse."

#### Shipyard Problem Urgent

Among the issues which "can no longer be postponed," our talk focused on the situation in our shipyards, since the present minister of commerce was from 1963 to 1978 involved in the administration of the LISNAVE and the SETENAVE.

"We are 8 years behind the rest of the world in terms of combatting the crisis in the shipbuilding industry," Barreto said, stressing that rationalization and reduced capacity were decided upon in Europe some time ago. "Postponement of the issue has cost the public treasury millions of contos, and now postponement is no longer possible."

The diversification of shipyard activities was termed a "demagogic proposal" by our guest, since the metal mechanical sector itself, of which ship construction and repair are parts, is always experiencing a profound crisis. Therefore Alvaro Barreto believes it is absolutely necessary and inevitable, "whatever it may cost," to reduce the labor force substantially.

For the LISNAVE, he urges that the personnel be reduced from the present 6,500 employees to between 3,500 and 4,000, and that the financial reorganization of the enterprise be undertaken simultaneously, such as to plan for alternative schemes for payment of debts, which cannot be covered on the basis of normal conditions.

In his view, the work plan for the SETENAVE for the next 3 to 5 years should be based on a plan to rebuild our merchant marine and fishing fleets, which are at present obsolete and have low profitability.

Our guest refused sugar for his coffee, and took a box of little pills from his pocket, which he laughingly said "must make you tremendously fat, since I only see fat people using them."

#### Assessment of Government in 1984

We finally got to his present duties, in the foreign trade sector, which directly influences the balance of payments, "which will continue to be the main conditioning factor in the Portuguese economy in the coming years." One of his main concerns is the need to "develop competition without destroying domestic production."

In the domestic trade sector, his list of priorities includes the reorganization of the economic coordination bodies, organizing and imposing discipline in the marketing circuits, and a total reformulation of the price policy, with a view to "reducing the excessive intervention of the state--a tragic error dating back to before 25 April."

Tourism, which contributes 17 percent of the foreign exchange income from exports, was termed "one of the few activities capable of responding more

rapidly to the challenge of development" by Barreto. He explained that "both agriculture and industry will only show the results of the corrective policies adopted in a period 10 years away."

For the time being, the minister believes it is too soon to put forth an assessment of government activity, whatever the sector. "I have a diametrically opposed view to the immediate solution approach, and I regard it as indispensable to devote the early months of government to a study of the problems and possible solutions to them."

For this reason Alvaro Barreto described the 100-day program resulting from the PS [Socialist Party] electoral campaign as "an excessively ambitious goal." He mentioned the month of July 1984 as "the proper time to assess the work of the government. If by then the balance is negative, then the government will have failed."

The restaurant was now empty, and at least for that day, the minister would not keep to his rigid work schedule. We then moved quickly on to the situation in the PSD [Social Democratic Party] and the "triumvirate" solution with which Barreto disagreed categorically "from the very first." "I do not believe in collegiate leadership. There must be a leader of the band. The triumvirate was a compromise solution, but Mota Pinto should have assumed leadership then, as moreover he certainly will do."

But "I am a paraparty" politician, reiterated our interlocutor, who is much more inclined to take up the technical, practical and global issues facing the country. "I am not involved in the party machine."

5157

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## PUJOL LOOKS AHEAD TO SPRING CATALAN ELECTION

Madrid ABC in Spanish 16 Nov 83 p 21

t] The date has already been set. The Catalan elections will be held on 29 April 1984. This is not official yet. "As is the case here, I have a lot to do at the Generalidad and I would prefer not to get involved, even as a mental exercise, in a campaign until the time comes. I shall not strive to disqualify my adversaries nor to involve myself with insults and slanders which never produce anything, nor to engage in dirty campaign tactics. I feel encouraged. I know that these will be very hard elections, very difficult and uncertain ones. But from a moral and political viewpoint I present myself once more, cognizant of how much has been done and fascinated by how much remains to be done...." Jordi Pujol knows that any moment he could be hit by that phantasmal shadow of the Catalan Bank.

"So far, no one has dared to say anything, with good reason, leading to charges against me on this score...." Jordi Pujol was looking at us, five female journalists, one by one as we were having breakfast. "We have experienced 2 years of deliberate rumors, well-orchestrated leaks, and self-serving insinuations. But with such ambiguity and inconsistency that I don't even feel targeted.

"I shall not lose any sleep for the Catalan Bank, which I left in 1975 once and for all. Look, once Alfonso Guerra, commenting in parliament on a specific vote of Catalans favoring the UCD [Democratic Center Union] government, said: 'That vote supporting Adolfo Suarez entails 28 billion pesetas for the Catalan Bank.' And that was incorrect, totally wrong. What is happening is that, when they don't know how to attack me politically they try in that direction." Pujol assured us that in his latest personal talk with Felipe Gonzalez "there was no deal whatever regarding the playing up or not of the Catalan Bank issue in the campaign." Pujol does not want to criticize the government, if I heard right. At some point during the breakfast Pujol said that "Felipe Gonzalez is my prime minister....I wish to maintain the best relations with the central government because it is obvious that a lot can be achieved when we hold a dialogue, when we reach an understanding...." And, with everything, "If I am pressed against the ropes, it is obvious that I shall attack...." Pujol went

on to enumerate various possible attack strategies: "If they talk to me about unemployment I shall say that it is not I who promised to create a few hundred thousand jobs... If they charge me with the fact that the transfer of responsibilities is slow, I shall reply that this depends on a socialist minister called [Tomas] de la Quadra.... If they reproach me with that entire issue of deputations, which the Constitutional Court invalidated, I shall say that it was a law passed in this parliament, between us and the socialists, right? If they accuse us of narrow Catalan nationalism I shall answer: 'Will the same people who helped draft LOAPA [Organic Harmonization Law of the Autonomous Process] stigmatize us with this?'" And so on and so forth.

#### Politically Secure

Jordi Pujol loads his cartridge belt with "political" ammunition. He is prepared, even though he has no desire so far to put rifle to shoulder. "No, the matter is not that I am arrogantly involved with the Generalidad. It is that I continue being the president of all Catalans!" With more good will than conviction, he advanced during our lengthy conversation the idea that "the country has to trust the nation's government and it is not I who will criticize the government, much less gratuitously...." Pujol is persuaded that the Generalidad will continue to be his fortress after 29 April 1984. "It is not that I have the elections sewn up in my pocket but I do in fact feel very secure politically."

Pujol declined to make comparative assertions regarding Catalan and Basque autonomy. He even noted that he neither knows nor cares much when the elections for Ajuria Enea are scheduled. He realizes that Carlos Garaicoechea went to see the king. Who called whom? "Given the seriousness of the Basque problem, it is natural that Garaicoechea should seek a dialogue with the king, who is permanent. And it is logical that the Madrid government should promote such a meeting. That is positive. We don't have these tensions in Catalonia, but I may also go the same route some day...."

Pujol does not approve of the statement in parliament by Prime Minister Felipe Gonzalez abandoning political alternatives to solve the terrorist issue. "I was greatly surprised. I don't believe that political alternatives in the Basque Country have been exhausted. No. I am optimistic regarding Spain's future, and if I see any risk on the horizon it is precisely that of Basque terrorism. But I also say that I am not afraid that the ETA will kill democracy. Democracy is already very strong. I have great confidence in the Spanish people."

2662

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## CONSENSUS SOUGHT ON LOCAL GOVERNMENT BILL

Madrid YA in Spanish 16 Nov 83 p 7

[Article by F.L. de Pablo]

[Text] With some delay, confirming the government's decision not to clog up the chambers with excessive government bills, the minister of territorial administration has transmitted to the parliamentary groups a 36-page document summing up the principles of the government bill through which the bases of local government will be regulated when the time comes.

The government could have used its majority to promote this legislation without any problem, but it preferred that what the experts call "the second Constitution," which regulates the autonomy of local government entities, should also enjoy the maximum amount of consensus, at least as regards its "basic principles."

We have already made ample reports about specifics of the government bill. It is now up to the parliamentary groups to offer suggestions and proposals that may help the government in drafting the bill in definitive form which it will transmit to parliament at the appropriate time for its normal processing.

This means that the government does not commit itself beyond achieving maximum consensus but without renouncing its legislative initiative. It wishes to listen to the interested parties involved, especially the autonomous communities which, in accordance with the Constitution, have the authority for legislative development on the basis of the local government system approved by the general Cortes.

The "largest degree of possible agreement" sought by the government on the basic principles of the state's local organization does not prevent the parliaments of the autonomous communities from subsequent blocking of their diversified development in accordance with their respective statutes. Once the basic law is approved, it will be the autonomous parliaments which will develop their own local system, something which involves difficulties and controversies in specific regions, such as the regional restructuring tried in the Basque Country or in Catalonia; the debate regarding the jurisdictions and open councils whose reestablishment is sought in Navarra; the criteria of

provincial subdivisions sought in any region such as Andalucia; or the new regional division proposed by the community of Valencia.

#### Territorial Alterations

Constitutionally, it is possible to alter the territorial division of the communities, to assign the government and provincial administrative entities distinct from the deputations, or to create groups of various municipalities of the province. But the law specifies that the municipalities should always be heard, and that [consideration be given] to whether those affected can survive economically. In every case those legal possibilities will provide many issues to be discussed next year in the various autonomous communities.

The bill is premised on three essential principles--those of determining local autonomy for the management of the interests of local government units; the representative and democratic character of their government organs; and the adequacy of local treasuries. The principle of the self-organization of local entities is recognized as is their accountability only to the courts in observance of the law.

The other bill will also regulate--basically and affecting all the public administrations--matters such as the status of public officials, common administrative procedures, the basics of administrative contracts and concessions, protection of the environment, woodlands and forestry management, and other sectorial subjects whose legislative development falls under the jurisdiction of the autonomous communities.

#### Municipal organization

The government bill considers that, for a censure motion involving the mayor, "the same majority that the law establishes for his election will suffice. The various preliminary plans that have been drafted had proposed majorities ranging from a mere half plus one of the number of councilors [voting] to an absolute majority. The principle of eliminating the municipal government commission, especially in municipalities with over 100,000 inhabitants, and replacing it with an "organ of collective assistance to the mayor and enjoying his maximum confidence," is maintained. Other more concrete aspects of municipal organization are left to autonomous legislation or the organic rules of the local units themselves.

As regards jurisdiction, it is established that the law will have to contain a list of issues pertaining to the municipalities and deputations. Regarding interadministrative relations, the document of principles proposed by the government to the parliamentary groups is in favor of determining "methods of challenge for the public administration and that of the autonomous community in relation to the agreements of local units without such steps having automatic suspensive effect, since both the suspension and the nullification of such acts should be the result of a judicial decision. Only in the extreme case that acts of the local government unit might "prove to be very dangerous to the national interest of Spain" could there be a veto of its acts and even the dissolution of the local government entity.

## PALME INCREASINGLY BESET BY PRESSURE FROM OPPONENTS IN OWN RANKS

Stockholm SVENSKA DAGBLADET in Swedish 20 Nov 83 p 2

[Commentary by Bertil Ostergren: "But Palme Remains"]

[Text] During its nearly 100-year old history the Social Democratic party has had only four leaders: Hjalmar Branting, Per Albin Hansson, Tage Erlander and Olof Palme. None of the first three had to resign prematurely; they lasted the entire period.

The loyalty and unity around the party leader is unique to Swedish Social Democracy.

But is it so strong today that Olof Palme will last for the entire period?

It is not difficult to observe that a uneasiness about the person of the party leader is growing among Social Democrats.

This is partly connected with the entirely new style of leadership which Palme introduced into Swedish government work. The decision-making has been centralized to the cabinet office and the prime minister personally in a manner unknown in modern times. Sweden has received a government controlled by one man.

This has many resulting implications.

One is that an unwillingness will develop among the other cabinet members over the fact that they are not being trusted with the responsibility they have previously had. This will spread to the parliamentary group and further out into the party.

But the one-man rule will also lead to a new type of sentiment arising in Palme's immediate political surroundings. It is due to a decision-maker with traces of uncommunicativeness, suspicion and capriciousness. It lives in an atmosphere of uncertainty and insecurity.

Palme's leadership style drains his own strength, of course. He strains himself very hard, and despite his vitality and toughness this has to affect his judgement in situations requiring decision.

A manifestation of this is the four incidents which have caused concern in the party apparatus: the Bahr, Bildt, Hesselö and Rainer incidents. In fact, these are all the same symptoms of one single major and constantly accelerating Palme affair.

The Rainer symptom initially appeared to be of a limited nature, but as new revelations emerged one after the other, the former Social Democratic minister of justice and appointed Supreme Court justice appeared in an increasingly weird light. Not least grave for a future member of the Supreme Court was that he had accepted illegally approved loans. As a member of the board of directors of the bank Rainer was obliged to know the banking law; thus, he should not try to blame it on his ignorance that the loans had been made in an illegal manner.

Rainer and the PK-Banken mess leave an impression of autocratic bigwigs and finagling that affects the Social Democratic party.

It affects Olof Palme, above all. He is the one who bears the responsibility for the appointment of Rainer as a justice. As party leader he also has a special responsibility for the mentality of the top people in the party.

The whole thing is all the more troublesome for the Social Democratic party as a strong wave of distrust against authority, bureaucracy, bigwig autocracy and finagling is growing in the broad population layers. This receives further nourishment from all these incidents, which in various ways are associated with Palme's name.

It is no wonder that many are asking themselves what a Fund Sweden would look like, in which all these bigwigs are given even more power.

How do Social Democrats and LO people behave as employers?

In the major television debate in the Berwald Hall Olof Palme once again attacked Ulf Adelsohn for his employment at SACO [Swedish Confederation of Professional Associations] in 1971 when Palme himself took the initiative for a compulsory law in the labor conflict between SACO and SR [National and Local Civil Servants Union] on the one hand and the state or municipality on the other.

That was an ugly and low attack.

To begin with, Adelsohn played no significant role in that connection.

Second, the facts are the following: The highest representative of the state as an employer, Olof Palme, announced a lockout of SR-affiliated officers in the armed forces. In order to avoid that this lockout, which was very embarrassing in the eyes of other nations, should take effect, Prime Minister

Olof Palme managed to force through a compulsory law, which was formally aimed at both sides of the conflict.

This was typical Palme-ish maliciousness and an injustice from an employer with absolute powers.

Olof Palme has had imitators as regards both employer attitude and language. One only has to think of the manner in which a minor Social Democrat and employer representative, namely the chairman of the school board in Astorp, Brodin, meets the employed teachers with derogatory and irrelevant attacks.

Olof Palme's use of the language is not merely a depressing interlude in political debate. It is more serious than that, since it effects misleading views of reality on the one hand, and creates a political atmosphere unfavorable to society on the other.

Palme's totalitarian way of governing, all these incidents which are symptoms of one major Palme incident, the population's growing anger against authority--all of this is weakening Palme's political position.

Add to this that Palme seems to lose more and more of his personal power of attraction. When did he last win a debate?

He looks like the magician who has lost his magic powers.

Furthermore, the incidence of a lack of balance in Palme's personal appearance is becoming increasingly more noticeable.

There is no doubt that Palme the person is now beginning to be a subject of discussion between people in Social Democracy. Palme also encounters open criticism in the Social Democratic press.

This is something tremendous in a party where blind support for the leader has been such a fundamental tradition.

The question is whether Palme now does not find his best friends among the non-socialist election strategists. They are not hiding the fact that they regard him as one of their best cards in the 1985 election campaign.

They can safely count on it. Much more is needed for Palme not to remain.

11949

CS0: 3650/57

## PAPER EXAMINES IMPACT OF FINANCIAL SCANDAL FOR PALME RULE

Stockholm SVENSKA DAGBLADET in Swedish 19 Nov 83 p 2

[Editorial: "Palme Sacrifices"]

[Text] The Rainer incident will be recorded in the political history of Sweden. In the course of a few weeks the country's minister of justice--one of the most respected ministers by far--has been forced to resign his post as minister of justice and then to abandon the position as Supreme Court justice which he never had a chance to take up.

During these weeks the reporting in the mass media has been dominated by Rainer the person. His statements have been scrutinized. His assertions, interview answers and comments have been examined in minute detail.

It is also quite obvious after these weeks that his departure from the position as minister of justice was inevitable. It is equally clear that the evaluation of the bank inspection committee in the PK-Banken loan incident--which concerned the declaration by the inspection committee that the loan decision was illegal--made it totally impossible for Rainer to assume the position of Supreme Court Justice.

But the Rainer affair is not likely to be about Rainer when it is eventually judged in a historical perspective.

The Rainer incident will be about the person of Palme. It will constitute an important turning point in the history of Olof Palme's period as head of the Swedish government.

Ove Rainer was to a great extent one of Olof Palme's very personal ministerial appointments. Palme and Rainer were good friends. Palme knew Rainer as a capable and competent civil servant; he had the potential for becoming a minister of justice with the efficiency of a Lidbom for presenting proposed legislation.

Ove Rainer was not an organized Social Democrat. He had not earned any merits in the Social Democratic party or in the parliamentary group. Ove Rainer was appointed minister of justice by Olof Palme, not by the Social Democratic party. The prime minister's formal privilege to appoint ministers acquired a true meaning with this act.

Ove Rainer was not a politician in any respect. He had not prepared for a career as a minister by paying special attention to Social Democratic morals. He had built up his wealth by cleverness--a cleverness which apparently had been carried much too far.

The collision came when Rainer's tax returns were examined. Rumors and hints turned the whole thing into an incident.

And then Olof Palme stepped into action. The incident did not concern Rainer. According to the prime minister it dealt with the mass media. When Rainer stepped down--for personal reasons--Palme expressed his complete confidence in Rainer as minister of justice.

In order to underline this, Ove Rainer was appointed Supreme Court justice overnight. The normal procedure of information and consultations with the members of the Supreme Court was bypassed. Here it was necessary to demonstrate that no shadow fell over the person Olof Palme had appointed minister of justice a year earlier.

With this appointment Olof Palme dragged Ove Rainer into a veritable witches' dance. Palme ought to have realized that the investigation by the bank inspection committee could potentially place Rainer in an impossible situation.

A sense of recklessness rests over Olof Palme's apparently unlimited political manipulations. The political boundary-marking was to be effected with the appointment of Rainer. There was no time for afterthought.

Olof Palme is now, afterwards, dissociating himself from Rainer. He maintains that he does not know any more about Rainer's business dealings than what the latter reported to the mass media. Furthermore, Palme asserts that there were purely human reasons for not delaying the appointment.

This was not the case, of course. Chiefly for human reasons--out of regard for Ove Rainer--the appointment should have waited. Ove Rainer should of course have been given time to ponder the relationship between his private business dealings and public assignments.

It leaves an uncomfortable feeling now that all the guilt of the Rainer incident is being unloaded onto Rainer. He may be criticized for his business dealings against the background of the assignments he took on. Not least the circumstances around the PK-Banken loan are incompatible with both the position of justice minister and the function of Supreme Court justice. But in both cases it was Olof Palme who appointed Ove Rainer. It was Olof Palme who staked his judgement on the assumption that the apolitical Rainer would become a good minister of justice and the dodgy Rainer a suitable Supreme Court justice.

11949

CSO: 3650/57

## POLL FINDS THAT SIX IN TEN ARE AGAINST WAGE-EARNER FUNDS

Stockholm SVENSKA DAGBLADET in Swedish 21 Nov 83 pp 1,9

[Text] Six out of ten Swedes would reject the proposal for wage earner funds if they were members of Parliament.

That is the reply given in a Sifo [Swedish Institute for Public Opinion Polls] study; 2,664 persons aged 18-70 were asked: "If you were a member of Parliament, would you vote for or against the proposal for wage earner funds?"

Eighteen percent replied that they would vote in favor of the proposal, 61 percent against and 20 percent did not know how they would act as presumptive members of Parliament.

The poll was taken in September-November at the initiative of and paid for by Sifo itself. It is presented in INDICATOR, Sifo's political newsletter.

The question about the wage earner funds was made in the so-called weekly bus--the running series of interviews during home visits made by Sifo twice or three times a month with a representative national sample of the population aged 18-70. Various interested parties can buy a portion of the weekly bus for questions. In the same interview those polled have to provide answers to different things, for example newspapers and diaper brands. Questions about voter sympathies are often also included.

The 2,664 persons are those who replied. Thus, there is no non-response to be subtracted from the total.

In a follow-up question those interviewed were also asked what party they voted for in the 1982 parliamentary election. In a further analysis those who voted for one of the five parties in Parliament--more than 2,000 of those asked--were later divided according to the respective party.

According to INDICATOR, the analysis then shows that the parliamentary group of each party would vote as the majority of the party's voters.

The proportion of voters with various party sympathies who would vote for or against the wage earner proposal is the following, in percent:

Party in the 1982 election

	Conservatives	Liberal Party	Center Party	Social Democrats	Left Party- Communists
For	1	4	1	40	55
Against	93	82	89	26	24
No opinion	6	14	10	34	21

The Social Democrats and the UPK [Left Party-Communists] have a majority of the parliamentary mandates and within the electorates of these parties there is, as can be seen, a majority in favor of the fund proposal.

The wage earner issue will be debated in Parliament before Christmas.

11949

CS01 3650/57

## NEW PERIOD SEEN AS LAST HOPE FOR TURKISH DEMOCRACY

Istanbul MILLIYET in Turkish 6 Dec 83 p 1

[Editorial by Mehmet Barlas]

[Text] We are in the midst of developments that should overwhelm with happiness every patriotic Turk who believes in a civilian-run democratic system. We ought to be aware of these developments and cherish them.

Having been obligated to mount the military intervention of 12 September 1980, the Turkish Armed Forces, without a delay, met their schedule for the return to a civilian government, for which they themselves provided. The change of command ceremonies were completed in the course of last week.

The Turkish Grand National Assembly (TGNA) the other day elected as speaker Necmettin Karaduman without even having to resort to a third round of voting. The parliamentary experience for which we have longed these years came about thus because the candidacy of a Motherland Party deputy was supported by deputies of the other parties as well.

The deputies, in the election of the TGNA speaker, maintained in perfect form the political attitude that the Turkish people displayed through their participation in the general election and their conscientious exercise of the vote.

On the eve of President Evren's return from Jordan, where, as always, he has represented the Turkish Republic with great distinction, the pages of yesterday's calendar continue turning ahead.

The election of the TGNA Chairmanship Council and the formation of the Ozal Government are no longer bound up with wild and impatient expectation.

The former force commander members of the National Security Council, who shouldered the burden in a very critical period and who will now advise the president on matters of state, can be proud of their achievement.

Similarly, Bulend Ulusu, prime minister during the "12 September" period will always enjoy deserved feelings of love and gratitude as he continues to serve his country as an independent deputy.

As for President Evren, he can easily speak of his success to the entire world, friend or foe, at home and abroad.

The parliamentary system, which ensures the people's participation in government through political parties, has entered into full swing.

The speaker of the TGNA, who is the number 2 man in the government and who will act for the president when necessary, is a civilian elected by free vote of the deputies. The political party that won the election is the one forming the government.

The duty of us all is to aid the unhindered progress of these developments.

We must now institutionalize the electoral removal of unsuccessful governments to be replaced with those that will succeed. Another bout with instability and another military intervention will forever wipe away democracy from Turkish life.

CSO: 3554/96

## OZYORUK URGES CONCERTED BUREAUCRATIC REFORM EFFORT

Istanbul TERCUMAN in Turkish 1 Dec 83 p 6

[Article by Makkil Ozyoruk in the column: "The Decision Is Yours": "The First Meaning of Bureaucracy"; passages enclosed in slantlines printed in boldface]

[Text] Before the last general elections all 3 parties without exception announced and reiterated in their election campaign statements that they would /"fight against bureaucracy"/ and somehow bring it under control. I believe that it was the Motherland Party, which will be forming the first government of the new era in the days to come, that dwelt most on the question of bureaucracy and presented it to the approval of his countrymen as the /number one issue./ Since bureaucracy was one of the 3 parties' common causes, the measures the future /Ozal government/ will bring will not be only those of the party in power and this means they will get the total support of the new Assembly. In this way the opposition parties will have also kept their promises.

But for a while I felt hesitant about the question of bureaucracy. For, to all appearances, the majority of the candidates of all 3 parties came from the bureaucracy. But an analysis and portrait of the deputies of the Motherland Party, which I quoted to my readers in my article of yesterday, showed that a large majority of the deputies of this party who had been in the bureaucracy, before or after public service had also worked in the private sector, that is /they knew bureaucracy well, both from the inside and the outside/ and had acquired experience which would lead to sound diagnoses and remedies. I suppose, and at least wish, that the case is the same for the other 2 parties. Thus the matter can be diagnosed more clearly, the measures taken can be more realistic.

Then again, as I pointed out before, /what is meant by bureaucracy, by saying "bringing the bureaucracy under control"/ must be put forward clearly. Because bureaucracy does not mean one thing only.

To citizens and businessmen faced with authorities /bureaucracy/ means the /sluggishness/ in the activities and services, the complexity of the procedures which /defy logic, need and purpose and the resulting superfluous hardships which make people weary of life;/ in other words and with a shorter definition: "red tape." This is the most widespread definition of bureaucracy. /The activities and services of the bureaucracy taken in that sense are of no use to the State either./ /Authorities, in that sense, are in fact motivated by a "need to dominate"/

stemming from the influence of lingering "traditions" rather than by the/desire to serve./ Its activities take place in this climate and the methods of/"domination"/ it enjoys so much. Authorities, since time immemorial, always complain about /how small their power is, how restricted their cadres, how insufficient their financial resources.../

The way the lower echelons of public services function, /as much as possible of the burden/ of the formalities required by the services they perform /is shifted to the "Citizen's shoulders."/ Like "Bring this, submit that, in order to prove this or that keep running between bureaus, section, departments, offices..." But despite all this shifting of chores to citizens, the same Authorities /when faced with the "pressure of an appraisal" which might lead to an evaluation, are very sensitive about protecting themselves.../ And against the possibility of being affected by pressure of this sort, they show / a strong "esprit de corps"/ (that is protect at all costs the lower echelons from the citizens' complaints and protests, always making it appear that "the civil servant is right, the citizen is wrong.") and this has been developed to its fullest extent. It has been attempted to keep the doors leading to the higher administrative authorities closed as tightly as possible against complaints about the lower echelons. And the excuse for this is /"If I do not protect my functionary, I will be unable to get him to do any work"/ rigmarole. This is the manifestation of the old principle of /"dominating"/ rather than that of /"serving and producing."/

And this is as far as we can expand /the first and most widespread meaning of bureaucracy./ I will not attempt to fill my article with examples. Because once we try to go through a recital of examples, columns, pages would not suffice. But still, I would like to dwell on the "driver's license" example the esteemed Ozal mentioned in one of his television talks:

We all know how such a license is obtained in our country... On the other hand, in my student days in England, in the past, I had obtained a license there. I will tell you the story:

I already knew how to drive. But because in England the wheel is not on the left but on the right and because in our country traffic at that time was "nonexistent", in order to learn the rules properly I only took 3 hours of lessons. And I carefully learned the rules summarized in a small 7 to 8 page booklet. With the driver who had taught me I went in to be tested. No petition, no medical examination, no this, no that... The examiner made me read a license plate which was set at a distance of 20 to 25 meters. Then he asked me about a few rules. He made me sit at the wheel and sat next to me and we went driving around the neighborhood. He took note of whether or not I was signalling, making jerky movements, paying attention to signs. He made me stop at an intersection and back up into a street. He made me stop uphill and noticed the way I used the hand brake to start without allowing the car to slide back even 1 centimeter. Then he only peered at my passport and, as if giving a receipt, he handed me a paper. I went to the city hall. I gave them 7.5 shillings and I was handed my permit, which had no "photograph." Another friend of mine took the test 4 times, he made no mistakes but neither was he given a license. It appears the examiner kept muttering /"When sitting next to you as you drive I do not feel safe ../

## ILICAK ON OZAL CABINET PLANS, SPEEDY CIVILIAN TRANSITION

Istanbul TERCUMAN in Turkish 1 Dec 83 pp 1,10

[Article by Nazli Ilıcak "Not Creating Problems For Ozal"; passages enclosed in slantlines printed in boldface]

[Text] Difficulties, more precisely additional difficulties should not be created for Ozal. As it is there are quite a few economic problems, difficult ones to solve.

According to what we hear, the attempt to reduce the number of ministries meets with a peculiar resistance. One of Ozal's most important speeches was about reducing bureaucracy, preventing red tape and speeding up procedures. That is why he wanted to decrease the number of ministries and consolidate ministries whose work is related.

On television he aimed his pencil at the viewers and spoke at length on this subject, complaining about the bureaucracy.

If Ozal suggests reducing the number of ministries as a solution he should be able to do it. He should be given the opportunity to do it. One should not say: /"First form the Cabinet. Then issue a law and then you can throw out of the Cabinet the superfluous ministers." /

Because such a stance would put Ozal in a difficult position from the very first day. Furthermore, this would create a less than serious image. And, above all, time would be wasted. As it is, there were enough delays in forming the government; affairs were left unsupervised.

Either the National Security Council should promulgate a law or Ulusu, relying on the law which empowers his government, should implement the new measure through a resolution having the force of law, as soon as possible.

## Transition Period

We are in a period of transition. Difficulties in this period arise from /the transfer of power and responsibility./ Ozal won the elections. He secured the majority in parliament. /Parliament is the strongest body and whoever wins a vote of confidence from it is the head of the government, that is the Prime Minister./ The 1982 Constitution accepted a democracy based on the parliamentary

system. The last word is always the Turkish Grand National Assembly's. Its executive organ, that is the government is in power as long as it has its confidence. And because it has the power, it has the responsibility. Responsibility and power are 2 attributes which complement each other. The parliamentary system gives power to the responsible organ (the government) and the foundation of this power rests on the vote of confidence.

The Constitution of 1982 gives the President of the Republic the possibility to act on his own initiative only up to appoint some high officials of the State, to dissolve Parliament, to veto laws and to announce to the people changes in the Constitution. Furthermore, for Parliament to be dissolved and for the right of veto to be used, definite conditions have been established. Because the real power in the parliamentary system is the parliament which represents the will of the nation and the government which has the majority in parliament.

#### Let Us Prepare For The Transfer of Power

That is why we say that we should support the Motherland Party which has the majority in Parliament. Because it represents the will of the nation. If we accustom ourselves to the transfer of power and responsibility, since things are bound to settle down, our country will not have to endure the transition period for very long.

12278

CSO: 3554/88

## NAVY COMMANDER: OUR DEFENSE OF COAST VITAL FOR USSR SECURITY

Helsinki HUFVUDSTADSBLADET in Swedish 29 Nov 83 p 2

[Text] The south coast, northern Baltic and Aland were emphasized by Vice Admiral Jan Klenberg when he spoke at the Paasikivi Society's branch in Lahti about the security-political situation in the Baltic. He pointed out that the outpost line of the Soviet Union now goes through the southern Baltic, but that the sea connects military and political Central Europe with the northern Baltic coast where the Soviet Union's "supply routes" are sensitive to threats. If Sweden's neutrality is changed, there will be consequences for the entire area, and Finland must be prepared to defend the integrity of its area on land, on the sea and in the air in southern and southwestern Finland. The tense situation in Europe now makes it more complicated than previously to bring about a new relaxation of tensions, maintains KANSAN UUTISET. In BORGABLADET chief editor Rolf Gabrielsson is critical of certain ways by which the president's birthday was observed.

## Northern Baltic a Security Zone for the Soviet Union

Vice Admiral Jan Klenberg spoke at the 25th anniversary of the Paasikivi Society in Lahti about the strategic importance of the Baltic for the Soviet Union. In the speech, which was quoted in ETELA-SUOMEN SANOMAT Admiral Klenberg said:

"Militarily, the greatest importance of the Baltic is that as an international sea area it connects the areas which surround the northern part of that sea with Central Europe. Central Europe is the military center of gravity in Europe--perhaps the area regarded as the most important in the entire world. The land areas which border on the northern Baltic in the Soviet Union, Finland and Sweden are, because of military security, also tied to Central Europe.

"That the Baltic is a military connection means, in peacetime and especially in times of increased tension, that ships and aircraft from any nation can freely move on international waters in the Baltic. It has long been common that surveillance aircraft from NATO countries and others extend their

lights to the northern parts of the Baltic. In this way they demonstrate, at least for us Finns, that this connection with Central Europe exists.

"After World War II the Soviet Union moved its military outpost line from the narrow entrance of the Gulf of Finland to the neighborhood of the German borders. The military center of gravity of the Baltic moved at the same time to the southern part of the sea.

"In evaluating the security interests of the most important nation on the Baltic, it appears clear that the entire sea, even to its northern parts, is an essential security zone for the Soviet Union. The historical defense questions for St Petersburg/Leningrad are constantly in the highest degree of immediate interest. They must today be seen as a part of security policy when the concern the entire northwestern part of the Soviet Union. When the military 'outpost line' was moved south, that meant a possible military threat against the northern Baltic and a threat against the sensitive 'rear lines'..."

Admiral Klenberg said that it is essential for a stable situation in the northern Baltic that Sweden remain neutral.

"Sweden controls the long west coast of the Baltic. Judged by military standards, it is very clear that for our eastern border it is of the greatest importance that one not have reason to assume that the west coast and its territorial waters remain in the hands of a country which is hostile to the Soviet Union, or such a country which can utilize those waters."

Admiral Klenberg reminded that it is important that in consideration of our own integrity and our treaty obligations we are ready to defend south Finland.

"That means not only the defense of the sea areas or Aland, but a preventive defense of all of south Finland with land and naval forces."

9287

CSO: 3650/65

## PROBLEMS, PARADOXES IN FRENCH NUCLEAR DETERRENCE POLICY

Bonn DAS PARLAMENT in German 19 Nov 83 (Supplement) pp 3-16

[Article by Walter Schuetze: "The Importance of the French Nuclear Arms"]

[Text] The 1979 NATO double decision that set the negotiation target of establishing a regional strategic equilibrium in Europe has indirectly sharpened the problem of the arsenals of third states, in particular of the French "Force de Frappe" (strike force). Andropov's proposal of December 1982, to turn the strategic nuclear arms of France and Great Britain into a criterion for the continuance of Soviet medium-range missiles, not only created a new situation for the Geneva negotiations but caused dispute in France itself as well as all over Western Europe on whether this new Soviet concept could be the basis for an East-West compromise.

This article first explores the role of France's nuclear arms in terms of their historic development since the Fourth Republic and the nuclear strategy under de Gaulle, which actually has been maintained to this day. The modernization of the strike force carried out by the leftist government in Paris raises the question about the political and military relevance of that arsenal of national deterrence for the 1980's. In connection with current arms control negotiations, the article then sketches the attitude of France and that of NATO and of the USSR. Though there seems to be agreement here that the nuclear arms of third states have to be included in the overall arms control process, serious divergencies exist with respect to the point in time, the negotiation framework and the modalities of how to account for them in the global East-West power ratio.

Through the December 1982 proposal from Soviet party chief Yuri Andropov, to use the strategic arsenals of the two small European nuclear powers France and Great Britain as the yardstick for the potential in medium-range missiles aimed at Western Europe that may be granted the Soviet Union on a treaty basis, the question of the arms of third states has been made the focal point of the issue taken over NATO's arms-catchup. This initiative by Andropov, who only a few

months before had been chosen Leonid Brezhnev's successor, surprising as it was to all observers, might primarily have been determined by political motives, by the desire further to intensify the divergencies existing anyhow in the western camp on the implementation of the December 1979 NATO double resolution. Undoubtedly, that Soviet step stirred up again the Geneva negotiations between the two world powers, which evidently had gotten stuck up to the end of 1982, on limiting the "Intermediate Nuclear Forces" (INF), i.e. the nuclear intermediate-range arsenals in and around Europe. The new Kremlin leadership is likely to have sought to subvert thereby the negotiating position agreed on in the Atlantic Alliance in 1979 and to induce the United States itself to show greater flexibility.

However, the direct consequences of Andropov's "slide clause" for establishing a "Eurostrategic" equilibrium in the NATO countries and particularly in the FRG, primarily affected by the outcome of the Geneva negotiations, were dispute and controversy between the parties and in public. In the Socialist International, conflict broke out between the socialists governing France and the other social democratic and socialist parties. In France itself, due to that proposal, for the first time since the socialist-communist government coalition had been formed in June 1981, a public security policy controversy broke out between the partners. In Great Britain and the Netherlands, as well as in the Scandinavian countries, increasingly not only spokesmen of the opposition but even of government parties would advocate using the inclusion of the two strategic nuclear arsenals in Western Europe as a constructive lever for a breakthrough in the INF negotiations.

Apart from the direct effects on the negotiating process, Yuri Andropov accomplished at least one thing: Through his 21 December 1982 proposition he aroused the fundamental problem of the weapons of third states (including the Chinese) from the beauty sleep in which the Atlantic Alliance had kept it from the outset for convenience and understandable self-interests. He furthermore brought it about that in the future one will have to deal seriously with the questions of the military relevance of such nuclear weapons systems within the global deterrence system of the two world powers and their alliances and with their foreign policy place value and their role in arms control policy.

In this respect the French strike force has become the focal point of the debate while the British Polaris fleet has thus far played a rather secondary role and the Chinese nuclear arsenal, for reasons that have to do with the embarrassingly schedule-oriented concentration of all the arms control problems on Europe, still is only of peripheral importance, which will however become very significant for future developments. Various explanations are offered for this polarization of the strike force. One, of course, has to do with the special position France has taken in NATO since 1966. Another one is that the leftist coalition voted into office in the spring of 1981 has given the opposition ideas about disarmament aiming at France's full participation in limiting nuclear as well as conventional arms, so that it was only logical for the Soviet side to remind those responsible in Paris of those promises, putting them to the test, as it were.

In the following attempt will be made to present the problems of the strike force and explore its function with regard to both the alliance policy and the arms control process.

## 1. The Development of French Nuclear Armaments

### 1. Origin and Objectives under General de Gaulle

Since the founding of the Fifth Republic, there have been setting great store by the remark that not General de Gaulle but the cabinets of the Fourth Republic had decided on and initiated the building of the atomic bomb. That is correct but does not go to the heart of the matter; the characteristic of the strike force is its complete independence and--in contrast to British nuclear armaments--the lack of any ties to NATO and the target planning or assignment modalities within the framework of the alliance. Prime Minister Pierre Mendès-France late in 1954 ordered the start of military nuclear research, behind closed doors as it were, yet it took the leftist coalition under socialist Guy Mollet to decide on the development of their own nuclear weapons 2 years later. No debate on principle took place. The nuclear option was taken, if not secretly yet silently and almost in embarrassment. The rapidly succeeding cabinets of the Republic, weakened domestically and externally by the Algerian war, thereby pursued neither a reorientation in their alliance policy nor strategic ideas of their own.<sup>1</sup> It probably was a matter of catching up with Great Britain in nuclear power status.

To justify the step toward the military nuclear bomb at the time in Paris they said the unfortunate outcome of the French-British Suez expedition of November 1956 had proven the need to be able to resist in the future an ultimatum (from the United States) and threats (from the Soviet Union) through having nuclear weapons independently available--although Great Britain's capitulation in the Suez affair had proven precisely the opposite, i.e., that having a small independent nuclear arsenal was not sufficient to resist political pressure.

Nor had the Fourth Republic considered a nuclear force free from all international obligations and quotas. Mendès-France even accepted a serious discrimination vis-à-vis the English partner in agreeing to an article, in the arms control protocol on the amended Brussels treaty on the West European Union (WEU), to the effect that the WEU Council of Ministers would determine by simple majority the ceilings for nuclear weapons a continental member country was allowed. This rather significant loss in sovereignty by France compensated for the FRG obligation assumed in the same protocol to produce no ABC weapons on its national territory. The treaty thus precluded a purely national power of disposition (even though not absolutely a national order to use those weapons), especially as the ceiling of allowable inventories had to be verified by the WEU arms control authority.<sup>2</sup>

General de Gaulle, returning to power in May 1958 and elected president of the new republic at the end of the year, ignored those treaty provisions. He immediately stopped the efforts undertaken under the last cabinets of the "Republican Front" of engaging in a nuclear buildup with the financial support, in particular, from the FRG,<sup>3</sup> and he later even rejected all U.S. offers on arms technology cooperation in the nuclear field. Late in 1962 he refused to join the U.S.-British accords on building a multinational fleet of Polaris submarines (with U.S. delivery rockets but warheads out of their own manufacture). Washington's assistance was confined to supplying a prototype nuclear reactor--permitting French technicians to copy the nuclear motors for the submarines--and 12 special 707 Boeing engines for refueling French nuclear bombers in the air.

France's refusing the consent of the big powers, as systematically put into action by de Gaulle, was largely due to the fact that he had a military instrument that could entitle such a demand, nuclear weapons i.e., solely under national command and serving only the protection of France but not that of the alliance partners. According to the often reiterated maxim of de Gaulle, the threat to use the "force of dissuasion," weapons of deterrence, could be credible only if it involved the vital interests of one's own country. What one must make clear from the outset is: this did not concern the purpose and use of having nuclear weapons per se. Essentially, even the politicians of the Fourth Republic were convinced that, as de Gaulle once put it, renouncing the nuclear option would cause a "chronic and gigantic inferiority" vis-a-vis the nuclear weapons states,<sup>4</sup> and it was because of their thinking in terms of status that they had decided to build the bomb. The same motive was the basis for British nuclear armament.

The set of problems the general-president brought into the Atlantic debate of principle on the value and limits of deterrence within an alliance is related to whether it is correct that a nuclear weapons state can make credible to the enemy the use of such weapons only if its own territory, and that means its vital national interests, are threatened. De Gaulle, in any case, derived from that postulate the moral and political justification for building a completely independent deterrence arsenal, not constrained by any alliance accords, and he shared this up time and time again by the repeated contention in public that no real trust could be placed in the United States as a power offering guarantees in an emergency and in view of the nuclear stalemate developing with the Soviet Union, and that France therefore should have to take its defense into its own hands.<sup>5</sup>

Both deterrence philosophies, that of NATO and that of France, cannot be correct at the same time; they are mutually exclusive. Both deterrence strategies cannot be used at the same time because the French strategy can come into action only after the NATO strategy has failed. No one in the West accepted de Gaulle's theses--not then and not today; otherwise the European allies could all have quit their integrated military structure and cancelled their military alliance obligations or gone the national way toward nuclear power. Nor did the eastern adversary take the "ultima ratio," the strike force, seriously but exploited it as best he could to split the western alliance politically. Finally also, most French citizens, as opinion surveys show,<sup>6</sup> do not believe in the effectiveness of a purely national deterrence either.

Without the spiritual-moral discomfort the partners have had for almost 20 years about that Paris particularism, one could see in it merely some scholastic dispute, virtually useless because not verifiable by facts. Political reason at the time made it necessary for the French chief of state to doubt the U.S. nuclear guarantee for Western Europe; how else could he have convinced his countrymen of the need for an independent strike force and overcome the opposition of all non-Gaullist parties who would oppose him with the argument that solely the integration within NATO guaranteed France's security.<sup>7</sup>

De Gaulle did not think as a moralist or military strategist but as a statesman seeking to surmount the bloc structures that had evolved from the Cold War and threatened to make the division of Europe eternal. To him, the nuclear weapons, with the United States virtually holding a monopoly in them in the west, had

first and foremost a political function in that they served to maintain and justify the U.S. hegemonial position in the alliance. In NATO with its integrated military structure as well as in the European Economic Community, expanded to include Great Britain, he saw—as Konrad Adenauer had already explained soon after de Gaulle had returned to power, in September 1958—a systematic subordination of the European states to Washington's preponderance in the system. After he had failed in his attempt in the summer of 1958, to persuade President Eisenhower and Prime Minister MacMillan to set up a directorate of three among the western nuclear powers as the NATO's leadership organ in world politics and strategy, and his objection had remained ineffective to the flexible response strategy Washington had imposed on the alliance, he did go it alone to loosen up the alliance structures by way of mutual example and restructure the European state system by pushing back the influence of the two world powers in the sense of a "Europe of fatherlands," i.e. the old national states and classical military alliances. That objective was served by the publication, in February 1965, of his three-step plan of "detente, accord and cooperation" between east and west, the basic conception of which he had already presented to Nikita Khrushchev in March 1960.<sup>9</sup> In this global foreign policy perspective, the strike force was only a means to the end and not an end in itself, i.e. a manifestation of the reemergence of the grandeur of France. In any event, in the mid-1960's removing the French armed forces from the NATO defense system had militarily much more of an impact on the alliance than the national nuclear arms buildup, which was strategically then still totally irrelevant.

Decisive to the success in the Gaullist "big gamble" for a total European reorganization was not the strike force as such—even though as a pledge for one's own freedom of action it did play an indispensable role—but the willingness of the Soviet Union to go along with de Gaulle's example to some extent at least, through a detente "à la française," and grant its own allies in the Warsaw Pact a greater degree of autonomy. Romania's Ceausescu offered himself as a mirror-image model, as it were. Yet the events in 1968—shaking the position of de Gaulle in the May riots—and mainly the failure of the Prague Spring and the subsequent redisciplinization of the bloc states brought de Gaulle's hopes to naught. It remains arguable whether the Gaullist strategy had not been inauspicious to begin with because the USSR had then already entered the path of the *modus vivendi* with its chief adversary, the United States. It is important to keep in mind in this context that the French chief of state regarded his strike force as an instrument for political evolution for all of Europe. When the way to it had been barred in the east, he once more attempted in the last months of his tenure (as became evident in the so-called Soames Affair) to accomplish a change in the Atlantic alliance structures.<sup>10</sup> When his successor Georges Pompidou renounced such ambitions and accommodated himself to the status quo in NATO and the then starting multilateral detente process between the two world powers and their respective partners, the diplomatic benefit of the strike force and, moreover, an independent French defense force altogether, became doubtful. With the reversals and the hardening of the East-West relationship beginning in the late 1970's, there came a growing danger that France's special position would lead to self-isolation, because to the East, especially the Soviet Union, the positive effect of the strike force no longer was evident, and the West was bound to raise the question why France under the aegis of intensifying military confrontation would not return to a full partnership in the alliance, on the defense capability of which ultimately France's own survival would depend.

who is in charge in Paris finds this dilemma ineluctable: reintegrating with NATO is impossible because no domestic political constellation could enforce this and it would destroy an essential pillar of the Fifth Republic. The alternative, armed neutrality, is something no one wants, with the possible exception of the communists, nor can anyone make out what France would gain by it in terms of security policy. What is left is a precarious in-between position, always balancing between membership in the Atlantic Alliance and confirming the solidarity (which do not find their expression, however, in binding military commitments to the Allies) on the one side and insisting on a full freedom of decision throughout the whole defense spectrum, in the nuclear and conventional field, on the other. Great dialectical skill is demanded to enforce such a hybrid posture, especially for government parties that only 6 years ago adopted a nuclear weapons and defense policy they had been harshly opposing up to then, and which can claim no copyrights to this specific Gaullist "one as well as the other."

## 2. The Nuclear Strategy Principles

This defense policy ambivalence naturally is also found in the formulation given the nuclear strategy. The strike force theoreticians have invented their own semantics to this end that operates with concepts such as "enjeu" (that which is at stake), "proportionality of deterrence," the "levelling effect of the atom," and, above all, "uncertainty." General Andre Beaufre has contributed the brilliant statement that uncertainty is the mother of deterrence.<sup>11</sup> General Lucien Poirier, who is hardly known abroad but who, late in the 1960's, on the planning staff of the army ministry had much to do with shaping the theoretical substratum for the nuclear doctrine, has gone so far as to even develop a military variant of the theory of relativity. Albert Einstein's famous formula could thus be modified as follows: Mass (nuclear capacity) plus motion (uncertainty) equals (deterrence) energy. The smaller a nuclear capacity, the greater is the uncertainty, whether, when, where and with what it is used. That also explains why the French doctrine leaves opponents as much as possible in the dark about its own intents whereas the NATO doctrine, in view of the enormous and multiform mass, aims at a maximum of computability.

The idea of "proportionate" deterrence stems from General Pierre Gallois and means that France, to make its deterrence credible, only needs a nuclear destruction potential causing destruction in the aggressor's country that would exceed the worth France has as a target in his eyes. This thesis, on which de Gaulle based his nuclear strategy, presupposes however that the strike force has an assured second-strike capability, i.e., can survive a "disarming strike." The measure for this minimal deterrence thus is not one's own potential but the enemy's capability, through which France finds itself compelled to join the technological contest of the superpowers, which determines the Soviet Union's weapons development. The crucial question therefore is whether France will be able to sustain that proportionality over the long run considering the military-technical and financial resources of that vast eastern empire.

The nuclear strategy developed since 1960 is based on three essentials:

1. Massive retribution (funds not being adequate, the NATO flexible response strategy cannot be imitated there),

2. Targeting cities and industrial centers of the USSR with maximum destructive impact, and

3. First use of nuclear weapons even if the enemy threatens the vital interests of France with conventional forces.

The issue remained vague while de Gaulle was in power. Charles Allieret<sup>12</sup> was the chief of the general staff who since 1966, when France quit NATO, conceived the "roundabout strategy" ("strategie tous-azimuts"), in which nuclear deterrence led to work in all directions, theoretically then also against the United States and states without nuclear weapons. That was a political doctrine de Gaulle himself abandoned early in 1968, undoubtedly on account of the grotesque disproportion between calling for the military means and finding them available in a foreseeable time frame.<sup>13</sup> Only the communist party, since its conversion to the strike force, has picked up the roundabout defense and today, sharing the governmental responsibility, is maintaining, against its better knowledge, that this is the leftist coalition's nuclear doctrine in force.

#### 4. The Adjustments Among de Gaulle's Successors

Allieret's successor, Airforce General Michel Fourquet, was the first to refer to the potential enemy, the Soviet Union, by name and sought to specify the purpose of using tactical nuclear weapons, particularly in the strategic forward stationing area of the FRG.<sup>14</sup> Then, in the 1972 White Book, the then defense minister Michel Debre gave a comprehensive account of the strategy.<sup>15</sup> The so-called Debre doctrine has fully kept its validity to this day and is being re-emphasized especially by the leftist government.

In the formulation of military missions no clear distinction is being made here between strategic and tactical (combat-related) weapons. The latter (fighter bombers and land-based Pluton missiles with a range of circa 100 kilometers) are an integral component of the massive retribution strategy. Their first use against an enemy advancing with conventional forces toward the borders of France is meant as the last warning before conducting the strategic strike against the aggressor's vital centers. The classical field army, the First Army units stationed on both sides of the Rhine, have the job of protracted local defense to explore the enemy's offensive intentions and may possibly, if the Paris government decides, fully in its own judgment, be employed within the framework of NATO armed forces planning for Central Europe, if conventional combat operations break out between the alliances. For using French nuclear weapons, however, no such arrangements with the NATO supreme command have been made,<sup>16</sup> and as far as one knows, no consultations about it have thus far been held with the allies, in particular with the FRG, through the southwest of which runs France's nuclear trip wire, including it in the target area under planning.

The doctrine of the "all or nothing," which in the end comes down to the choice between the threat of suicide and capitulation, was already placed in doubt by Georges Pompidou's successor in his first public announcement. Giscard d'Estaing considered the use of the strike force only in the case of a (Soviet) nuclear attack on France, whereby he abandoned one of the essentials in the Gaullist doctrine, the first use of nuclear weapons. His chief of the general staff bluntly announced before the Paris Defense Academy he doubted that in the extreme

...with everything collapsing around France in Europe, there would still be the national will to threaten massive destruction for the sake of assuring survival.<sup>17</sup> The president and his advisers brought concepts into the strategy debate, such as "expanded sanctuarization" (drawing the FRG into the national nuclear deterrence) and "uniform battleground Europe," that valued more confusion than clarification, ultimately leaving things at the status quo, because the neo-Gaullist party (RPR) under Jacques Chirac, thanks to its strong parliamentary place in the government coalition, managed to block all attempts at revising the strategy in the sense of rapprochement with NATO.<sup>18</sup>

François Mitterand, elected president in May 1981, no longer even made the attempt to accommodate the military legacy of Gaullism to the totally different basic domestic conditions, the socialist-communist coalition. While in the opposition, both parties had agreed on keeping the nuclear strike force "en état," i.e. in operational readiness; in practice, however, a still higher priority was granted to the various elements of nuclear armament, the strategic as well as the so-called tactical ones. Mitterand and his ministers make more than the liberals and conservatives of the unrestricted national power of disposition and freedom of decision,<sup>19</sup> and in view of the economic crisis situation and the systematic de-fiance from the bourgeois opposition, they see in the "fait nucléaire" an essential means for maintaining national consensus and the security policy foundation of the coalition--fragile though it is in reality. For that reason alone every demand for including the French nuclear weapons in the multilateral process of arms limitation and disarmament becomes a serious factor in the domestic and party policy dispute.

## II. The Nuclear Weapons Arsenal of France

### 1. The Buildup since 1960

Directly after the end of World War II, General de Gaulle, as the chief of the provisional government, ordered the start of nuclear research. A Commissariat for Nuclear Energy (CEA) was set up in October 1945 to gain access to the developments in Anglosaxon countries and break their then existing monopoly.<sup>20</sup> The cabinet of Guy Mollet by the end of 1956 had set up a military department in CEA. A year later they decided to build an isotope separation plant in Pierrelatte, north of Marcoule in the Rhone valley, where three nuclear reactors were already in operation, initially to produce current but then the plutonium needed for nuclear bombs. The other base material for military use, highly enriched uranium, was to be produced in Pierrelatte, but it had to wait for General de Gaulle to enforce the financing of that plant in the summer of 1962, costing what was an enormous amount of money at the time, between 4.5 and 5 billion francs, in parliament and against the strong resistance from all non-Gaullist parties.

They also pushed with the greatest urgency the building of the launch vehicle, which had still been planned in the Fourth Republic, the IV A Mirage long-distance bomber (which however could reach its targets in the USSR only through airborne refueling). Then the first nuclear bomb exploded in February 1969 in the then still French Sahara. Two years later the first Plutonium warheads had been produced though Mirage IV was not operational before the fall of 1963, a total of 32, sixteen of which as reserve. Then it took almost 10 years for the other two elements of the French triad, the missile-carrying submarines and the air-based medium-range missiles in hardened silos, to be put in operation on the Albion Plateau in Provence. The planned figure of more than 50 such medium-range missiles

was first reduced to 27 and then to two batteries of 18 units each. The first nuclear submarine, "Redoutable," with 16 rockets, was put into operation in December 1971 at its "only" base, Ile Longue near Brest.<sup>21</sup>

In 1963 General de Gaulle also decided to start with the development of so-called tactical nuclear weapons, with airforce and naval-airforce fighter bombers and land-based Pluton-type rockets, mounted on tank carriages. Especially the last-mentioned weapons system is hardly compatible with the official doctrine on minimal deterrence and the categorical rejection of any sort of nuclear warfare, i.e. the use of such weapons on the battlefield. To issue the last warning before ordering massive retribution a few nuclear fighter bombers would be enough; the Pluton system is redundant there, particularly since its protection in Eastern France would tie up a not inconsiderable part of the army and air defense formations. That probably has a lot to do with the desire to play a role, to be on a par technologically with the two world powers and dispose of the whole scale of nuclear weapons, but what decided things for de Gaulle may well have been the need to involve the army too and not let it drop into the role of the conventional esquire to the nuclear knights, navy and airforce. Totally incomprehensible with respect to the nuclear strategy in effect, however, is the decision Giscard d'Estaing made in 1978 to start developing neutron warheads, because that weapons system can be applied, if at all, only within the framework of the NATO flexible response strategy and would have to lead, as those in charge right now in Paris have admitted several times, to a complete revision of their own strategy. And still President Francois Mitterand has that development program continue though he has postponed indefinitely introducing neutron warheads to the troops.<sup>23</sup>

## 2. The Status of Today

The nuclear armed forces at present look as follows:<sup>24</sup>

### A) Strategic Weapons Systems

#### a) Strategic Airforce (FAS)

- Eighteen S 3 medium-range rockets (two batteries with nine each); range circa 3,500 kilometers; warhead 1 megaton (Mt) each.
- 34 Mirage IV long-range bombers (ten in reserve); two squadrons and one squadron of 11 Boeing C 135 refueling aircraft for airborne refueling; warhead: one freely dropped bomb of 60 kilotons (Kt).

#### b) Strategic Naval Force (F0ST)

- five nuclear-powered submarines (home port Ile Longue near Brest) with 16 medium-range rockets each; displacement 8,000 tons; range circa 3,000 kilometers. One warhead M 20 per rocket with 1 Mt. target accuracy circa 800 meters CEP.

### B) Tactical Nuclear Armed Forces (ANT)

#### a) Airforce: Tactical air fleet (FATAC)

- 30 Mirage III (Airdrome Luxeuil)
  - 45 Jaguar (Airdromes St. Dizier and Istres)
- All equipped with one nuclear bomb each, AN 52 with an explosive effect of 25 Kt.

b) Army: Pluton rocket system on 30 AMX 30 self-propelled mounts (a total of 100 rockets available, with reloading capability). Range circa 100 kilometers, with one warhead each of 10 Kt or 25 Kt AN 51.

Five artillery regiments are equipped with Pluton (garrisons at Mailly, Suippes, Lunen, Oberhoffen, Belfort).

c) Naval Airforce: Some of the 36 Super Etendard IV carriers are equipped with atomic bomb AN 52.

The 1983 military budget shows nuclear armed force expenditures of nearly 20 billion francs (total military expenditures, but without pensions and social costs, are around 133.2 billion francs). Compared with last year, however, the increase for the nuclear element is much higher than for the other three branches of the armed forces, i.e. 14 percent compared with an average of 10 percent, and that includes the gendarmerie. That supremacy becomes still more apparent in investment expenditures, i.e. the funds for procurement and R&D, for which 31 percent of the total finance volume is allocated.<sup>25</sup>

#### 1. The Modernization Program for the 1980's

The five-year plan for defense expenditures 1984-1988, which the National Assembly passed after its first reading late in May 1983, focuses on this facet for the progressive modernization of all components of the strike force. For that period a total of 415 billion francs was set aside for investments, 132 billion of which, almost one-third that is, for nuclear weapons.

The emphasis continues to be placed on the sea-based strategic component. By the end of 1988, the sixth nuclear submarine, the "Inflexible," is expected to be operational; a seventh, the construction of which was ordered not until July 1981 by the new leftist government, is expected to replace in the early 1990's the then completely obsolete "Redoutable." A large part of the funds is being used for reequipping the nuclear fleet with the M 4 rocket, which marks a considerable quantitative and qualitative improvement over the M 20 as of now. It will have a range of more than 4,000 kilometers and six multiple warheads (MRV's that is, not MIRV's) with 150 Kt of explosive power each and will also have modern penetration devices. The target accuracy is to lie between that of the U.S. Poseidon 3 missile and Minuteman III Mk 12 A, in any case at a radius of below 300 meters (radius of impact from center of target). Of the five operational nuclear submarines today, of which always two or three are in the preassigned firing position, one unit, the "Tonnant," will be equipped with the M 4 missile by the end of 1985 and the three other units of the first generation of nuclear submarines, not until after that date. Furthermore, 18 Mirage IV A bombers, circa half of today's inventory, will get the air-to-ground rocket ASMP (Air-Sol Moyenne Portee) with a range of circa 100 kilometers and a warhead of 150 Kt, the rest of the inventory losing its strategic mission in 1985.

What is missing in the new five-year plan, to be sure, are funds for expanding the so-called nuclear circumferential system, which the military want so much. In addition to the already planned procurement of four naval reconnaissance planes for transmitting orders for the nuclear fleet, that essentially amounts to developing earth satellites for reconnaissance purposes (observing enemy missile shots and strategic movements and so forth), for communications and for the navigation of the submarines in operation. To protect the oceanic elements of the

strike force, they have scheduled, up to the end of 1988, three nuclear-powered assault submarines (hunter-killers), yet because of financial bottlenecks they have to do without surface water units for fighting against submarines, however much the navy wants them. Only during the subsequent armaments plan, that is starting in 1989, the navy is expected to get one (instead of two) nuclear-powered (catapult) aircraft carrier and 16 (instead of 46) naval reconnaissance planes of the Atlantic 2 type. The number of the corvettes needed for that purpose (three are planned) also lags behind the demands made by the military.<sup>26</sup>

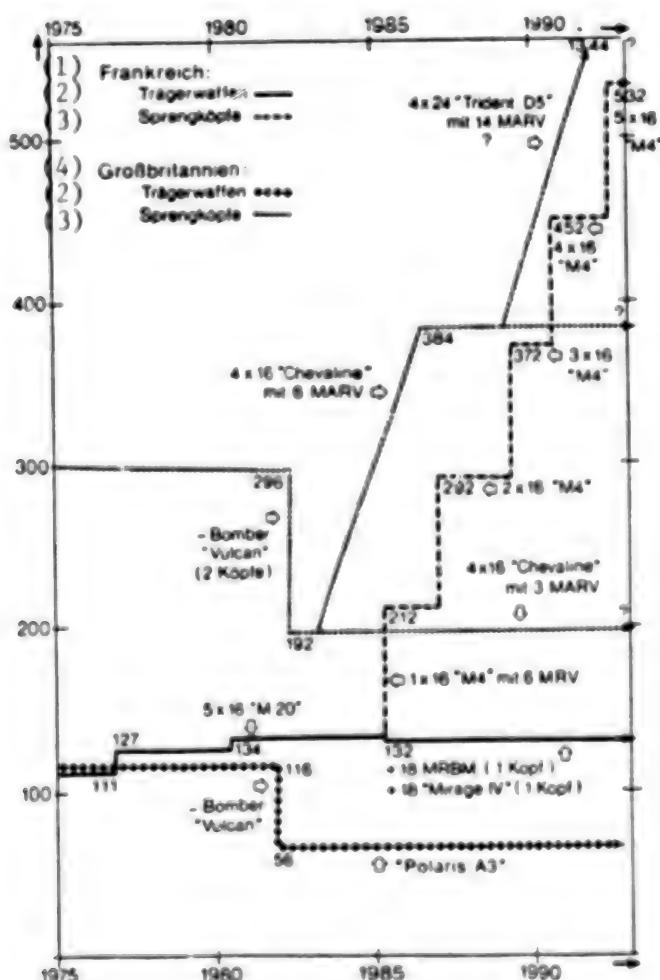
In the "tactical" nuclear field the airforce will get the ASMP air-to-ground rockets for 36 of its new Mirage fighter-bombers up to the end of the five-year plan. This weapons system also was given to 43 Super Etendards of the naval airforce. The army, on the other hand, has to wait until 1992 to put the Pluton successor generation, the Hades missile with a 350-km range, into service.

An analysis of the armaments program till 1988 (which, however, if one remembers past experience, may still be cut back in case the optimistic economic prediction on which it is based fails to materialize) shows proportions keep shifting in favor of strategic weapons and at the expense of both the tactical-nuclear and the conventional components. If one takes the number of warheads and not the delivery systems, the boost is large in the decade ahead and undoubtedly constitutes a qualitative jump, as shown by the following graph, which includes, for the sake of comparison a similar development planned in Great Britain:

#### Strategic Nuclear Weapons

Key:

- (1) France
- (2) Delivery Systems
- (3) Warheads
- (4) Great Britain



### III. The Political Arms Control Context of the French Nuclear Weapons

#### I. France's Attitude Toward Arms Limitation

From the outset, the Fifth Republic refused to take part in the multilateral arms control talks. De Gaulle in 1960 ruled out participating in the Geneva disarmament commission saying the two world powers should have to limit their own nuclear arsenals considerably before France would take part. Even though Giscard d'Estaing did join that body after it was expanded and the idea of a shared U.S.-Soviet presidency of it was dropped in 1978, each chief of state down to Francois Mitterand maintained that the problem could best be solved through a conference of the five nuclear powers. France did not join the most important arms limitation accords bargained out within the UN framework.<sup>27</sup> Paris did not sign the nonproliferation treaty of 1968, to be sure (like Peking which showed an attitude remarkably parallel to that of France) but announced it would behave like the signatory states--whereby it assumed the moral obligation, set down in Article 6, for nuclear disarmament by the states with nuclear weapons.

That persistent attitude by France was finally once more confirmed by Premier Pierre Mauroy who, on 20 September 1983, made a possible participation in nuclear arms limitation negotiations dependent on three preconditions: First, an essential and verifiable reduction of the two world powers' excessive nuclear buildup; second: significant advances in reducing the conventional and chemical weapons in Europe; and third: renouncing the creation of new (missile) defense systems.<sup>28</sup>

That official position marked a clear retrogression from the Socialist Party (SP) program of principle of 1971, the joint government program of the Left Union of 1972 (ratified in 1977), and Mitterand's December 1977 disarmament plan and so forth; because there the socialists had committed themselves to take an active part immediately in all ongoing disarmament negotiations.<sup>29</sup>

Mitterand's election manifesto of January 1981, which forms the basis for the coalition with the communists, refers explicitly to the resolution of the special SP congress of January 1978, to the effect that within the scope of a "conference on the reduction of armed forces and tensions" in Europe, the French tactical (yet no longer the strategic) weapons systems also should become subject to negotiations and a demand was made for nuclear-free zones in "neuralgic regions." The SP disarmament and security resolution of May 1982 reiterated those program points. The election manifesto (the 110 points of candidate Mitterand) furthermore anticipated the zero option for intermediate-range missiles President Reagan announced in the summer of 1982 in postulating the withdrawal of the SS-20 and on giving up the deployment of Pershing II in Europe!

President Mitterand changed his country's attitude on this, because in the communique of the Franco-German summit in Paris of February 1982 NATO's double resolution of December 1979, which France had not signed, was called "necessary and indivisible in both parts." Andropov's December 1982 proposition was turned down by the government and all parties, their main critique directed against a demand the USSR had not raised in the first place, the formal inclusion of the

French (and British) arsenals in the Geneva INF negotiations. Not a treaty constraint on the strike force had been raised but only having it count on the side of NATO. Having it count was something President Mitterand categorically rejected in his speech before the Bundestag in January 1983. The arguments against it are well known. They come down to that France's deterrence was independent, served only the protection of its own vital interests and hence was not a component of the U.S. or USSR medium-range arsenals. The foreign policy spokesman of the SP, Jacques Huntzinger, at the "Wehrkunde Conference" in Munich soon thereafter undergirded that thesis with the contention that if SS-20's were dropped on Copenhagen, Hamburg and Rome, not the French with their strategic weapons but the United States should have to respond to that.<sup>30</sup>

Before the Bundestag the French chief of state advocated a solution for the Geneva negotiations which--thanks to the determination of NATO--would permit doing without the western modernization. That line found the approval of the PCF which up to then had cautiously avoided controversy with its coalition partner over the "Euromissiles," as INF is called in France. The peace movement, by and large sponsored by the PCF and the CGT, then also exclusively opposed the new nuclear arms race in Europe, leaving their own nuclear weapons aside.

This situation changed abruptly at the Williamsburg summit of the seven late in May 1983, where Mitterand agreed with the global security concept of the West (and of Japan). The PCF Politburo on 31 May published an announcement<sup>31</sup> in which, with reference to that commitment by the chief of state, the demand was raised for expanding the U.S. and USSR Geneva INF negotiations to include all European states (i.e. the CSCE members), because through the Williamsburg pronouncement France too felt affected by the outcome in Geneva. Early in July, the president told PCF chief Georges Marchais in a talk at the Elysee he was aware that sooner or later their own nuclear weapons arsenal would have to be drawn into the arms limitation talks but he would not want to let the terms for it be dictated from the outside. Georges Marchais, however, a week later interpreted that statement in a sense that would lead to an open conflict with Mitterand. In a joint PCF-CPSU communique in Moscow,<sup>32</sup> he insisted he was placing a distance between himself and Mitterand in two essential points: for one thing, in that the PCF again insisted on the European expansion of the bilateral INF negotiations, and then, in that it announced the French nuclear weapons should have to count on the side of the western alliance in establishing a condition of nuclear equilibrium for all of Europe. After returning from Moscow, Georges Marchais insisted that was perfectly logical<sup>33</sup> because if (since Williamsburg) western security was indivisible, one could not demand of the USSR simply to ignore France's contribution to it, and it was not acceptable that the other powers (the two superpowers) would negotiate alone about European security issues concerning France directly.

The French government in turn insisted on the bilateral character of the INF body NATO had decided on, and the Premier emphasized on 20 September 1983 that France was not affected by the double resolution and not involved in it. In view of the deadline set for the INF talks late in fall, the problem of the arsenals of third states could there no longer be resolved anyway, it would come to play a political role only in the course of the global process of limiting strategic nuclear arsenals. It is unmistakable, however, that the third states problem

raised by the NATO double resolution would place more political and moral pressure on the ones in charge in Paris to abandon their abstinence thus far in the matters of nuclear weapons limitation.

#### 2. The Position of NATO (and the Special Problem of the British Nuclear Force)

The allies were uneasy about Gaullist nuclear armament. In it they found the pledge to French particularism. They realized well enough that the purely national character of the strike force justified de Gaulle in cancelling his military alliance obligations. After Paris had turned down the Nassau formula, the setting up of a multinational fleet of U.S. submarines with Polaris missiles and British and French warheads, Washington's resistance stiffened. Secretary of Defense McNamara called the strike force redundant (because it could not significantly reinforce the deterrence arsenal of the alliance) and risky (because France, through its independent use of nuclear weapons, might embroil the United States in a nuclear war against its own will).<sup>34</sup>

The U.S. Secretary of Defense, during a conference of NATO ministers in Athens in the spring of 1962, said the United States would be forced in the case of an acute nuclear crisis to neutralize the French potential. It is correct that this U.S. attitude is attributable to the so-called French "ignition thesis," to the effect that if the United States were to hesitate threatening an aggressor with nuclear weapons, the strike force should have to assume that role. That had been conceived by General Andre Beaufre, who in the early 1960's was the French representative to the standing group in Washington (then the supreme military organ of NATO, but de Gaulle never approved of it. In the 1970's, when French nuclear arms first received a military importance (through their land and sea-based elements) and their effect on splitting the alliance policy had become virtually immaterial in the phase of multilateral east-west detente, NATO accepted it as a fait accompli, especially since President Giscard d'Estaing signed the Ottawa pronouncement of June 1974 which recognized the contribution by British and French nuclear weapons to the global deterrence of the alliance.

NATO rejected the inclusion of these third states arsenals in the SALT talks from the outset and prevailed against the Soviet demands of Vladivostok (the Ford-Brezhnev meeting) in late 1974 and in the SALT II treaty of June 1979. The new negotiation level on intermediate-range missiles projected in the double resolution also was purely bilateral, it sought, "ideally," to establish an equilibrium solely between the U.S. and the Soviet weapons systems.

Yet there has been and there is a significant difference between the situations of France and Great Britain. The UK is fully integrated in NATO's military system and a member of the special advisory group for the INF negotiations, which is not true of France. The Nassau accord of 1962 already implied Anglosaxon collaboration, and since 1964, when Prime Minister Harold Wilson brought down the MLF project of NATO, London has progressively been correlating its nuclear fleet with the U.S. (NATO) deterrence strategy. The four Polaris submarines (apart from their purely national role as "ultima ratio") are tied into the strategic target planning of the NATO Supreme Command Europe (SACEUR) and operationally integrated with the Supreme Command Atlantic (SACLANT), even though the British government reserves the sole decision on their employment. In other words: the British arsenal is independent but invulnerable because it becomes part of

the large U.S. submarine potential; the French arsenal is independent but vulnerable because two or, maximally, three submarines can be pinpointed at an effective firing range.

For the European allies it was of course a political advantage to get their European share in Atlantic deterrence, and for purely political reasons it was not without problems to throw the two small strategic nuclear arsenals into the balance of nuclear arms limitation, because despite all target planning and accords in NATO, as far as the British element is concerned, an ultimately national power of disposition is not as credible to the adversary as that of the U.S. president with his incomparably larger and more flexible means. On the strike force one cannot rely in the emergency anyway, and there is no coordinated assignment planning for it within the NATO framework. The dilemma of the alliance is that one cannot at one and the same time (as in the Ottawa pronouncement) recognize the two small nuclear arsenals as a contribution to the overall deterrence by the West and, on the other hand, treat them as negligible quantities when it becomes a matter of computing a total equilibrium for the nuclear potentials found in Europe. To the NATO allies (at least to the members of the integrated command system) this thus is not a matter of principle but rather of opportunity arising to the extent that the modernization of the British and French nuclear fleets provides them with a genuine strategic significance.

From the U.S. point of view, the deterrence dialectic must remain reasonable, i.e. be based on the Washington-Moscow power ratio. Effects from third states, particularly from the loose nuclear powers of France and China, destabilize that ratio to an unacceptable extent if the two states mentioned should get to the situation in the decade ahead where they can play a strategic role, achieve a second-strike capacity and thus, as is not yet the case today, can evade a disarming first strike. Tying the weapons of the third states into the arms control process therefore is in the overriding interests both of the United States and the Soviet Union.<sup>35</sup> U.S. Vice President Bush only uttered a platitude late in September by remarking that at some time or other those arsenals would have to be drawn in. Why this is not (or no longer) possible for INF has been shown above. That is a realization, incidentally, which crystallized earlier in the famous Nitze-Kvisinski compromise. Among other things, the French government welcomed the compromise of the two negotiators during the walk through the woods as an acceptable solution for a Geneva INF agreement precisely because there the weapons of the third states were left out and postponed to a later round in (START) negotiations.<sup>36</sup>

### 3. The Position of the Soviet Union and Its Allies

While General de Gaulle was still in office, Moscow--however much it applauded his independence policy--sought to bring about a formal inclusion of the strike force as well as the British deterrent in the strategic arms limitations, but in the 1972 SALT I (interim) agreement had to settle for the letter from its negotiator Zemyonov to his U.S. counterpart Gerard Smith, which contained the demand tacitly to compensate for the arsenals of third states by a commensurate number of Soviet submarines. No reference to that effect is found in the 1979 SALT II treaty. The USSR evidently plans to deal with the U.S. FBS (forward based systems) and the weapons of Great Britain and France under the rubrics of intermediate-range systems within the framework of SALT III. Foreign Minister Gromyko

In November 1979, a few weeks before NATO's double resolution, talking with the FRG Government in Bonn, reiterated the demand NATO's three nuclear powers should take their seats around that regional table. The Soviet draft treaty then presented in November 1980 in Geneva, when the "Eurostrategic" round of talks started, fully included the British and French missiles and bombers into the reputedly already-existing (totally unrealistic) equilibrium situation and thereby also implied a reduction of the arsenals of the third states. The Soviet leadership always, and since 1974 with reference to the Ottawa pronouncement, insisted those weapons were strategic in nature because they were targeted against USSR territory--a fact which is of much greater importance from Moscow's vantage point than that in terms of their range they also are intermediate-range systems. That inclusion is demanded by Moscow's basic concept of "equal security," or of their inflexibly rigid bookkeeping-type of parity between the two alliances.

What was strikingly new in Andropov's December 1982 proposal<sup>37</sup> was that he abandoned Brezhnev's negotiation strategy and "Europeanized" the intermediate-range problem by separating the treatment of U.S. strategic bombers in and for Europe and sought a first INF accord with a "gliding clause" providing for reductions of strategic missiles only for the Soviet side but not for the British and the French. About the rigid rejection of it in London and Paris the Kremlin showed astonishment and anger (whether pretending or serious remains in doubt), and Soviet diplomats then had to explain Andropov had for the first time recognized the political and military value of the two small nuclear arsenals and granted them strategic equality in Europe. By no means did that mean, however, as shown by the further Soviet negotiation tactics in Geneva, that they were ready to separate the central strategic level (with the United States) from the regional strategic one, and the response to Reagan's zero option, that they were ready to renounce the medium-range potentials completely, provided France and Great Britain (and China?) also went down to zero, was pure rhetoric in view of what they knew of the attitudes of Paris and London.

Remarkable is that Yuri Andropov always announced his two "breakthroughs" in talks with Erich Honecker in Moscow, and that is not likely to be a coincidence but is meant to underscore the special role of the GDR in the European process.

Essential here is the concession of May 1983 "to bring about a parity of the nuclear potentials in Europe both for the launchers and the warheads"<sup>38</sup> (and to apply the same criterion of counting also to the strategic bombers in Europe). Thereby the Soviet Union in theory declared its willingness to go down to 94 SS-20's, that means fewer than were deployed against Western Europe in 1979, at the time of the double resolution.<sup>39</sup>

The question is whether Andropov, after abandoning Brezhnev's maximal position in the INF negotiations, sees in it the last or the first step in a serious readiness by the Soviet Union to negotiate (and whether he can make his purported flexibility prevail against all the evident resistance in his own apparatus). From the Soviet vantage point it must be the long-range goal to restrain the growth of not only the U.S. but also the third states' potential. As the table above indicates, in ten years one can (theoretically) expect 582 French (strategic) warheads and a maximum of 384 British ones (not even counting Trident II).

Andropov's gliding clause, to be sure, seeks to get to this restraint indirectly in that the increase in SS-20 warheads is planned to come in analogy with the increase in the British and French ones. They are also likely to be completely certain in Moscow about that such a formula is bound to produce considerable pressure in the West European (and American) public on the French and British governments to forget about their modernization so as to establish a nuclear balance on as low a level as possible!

The problem would merely shift but not change fundamentally if one still were to succeed, based on the Nitze-Kvisinski compromise, in inserting the problems of the third states in the global START negotiation process, because that would demand of the United States to count the two small potentials (and that of the Chinese) as being on its side. However the Geneva negotiations may end, France (and Great Britain) can no longer evade the push that comes from having nuclear arms. General de Gaulle could not have foreseen this 25 years ago. He would, undoubtedly, have behaved very much unlike his successors and would have made a virtue out of necessity by fully and constructively bringing the whole political weight of France to bear on the arms control policy of the world powers and their alliances.

#### FOOTNOTES

1. For the beginnings of nuclear armament, cf. the memoirs of General C. Ailleret, "L'aventure atomique française" (The French Atomic Adventure), Paris, 1968.
2. For this and the text of the WEU protocol, cf. W. Schuetze, "Frankreich und seine Verteidigung in Dokumenten 1958-1983" (France and Its Defense in Documents, 1958-1983), Frankfurt/Main 1983.
3. Ibid., chapter on the start of nuclear armament.
4. Quoted from A. Passeron, "De Gaulle parle" (De Gaulle Speaks), Vol I, Paris, 1966.
5. A total account of the early years of the Fifth Republic and de Gaulle's nuclear policy is provided by G. Zieburg, "France--Theory and Practice of the Fifth Republic," "Die Internationale Politik 1958-1960," Jahrbuch des Forschungsinstituts der Deutschen Gesellschaft fuer Auswaertige Politik, Munich/Vienna, 1971; also cf., above all, C. de Gaulle, "Memoires d'Espoir, Le Renouveau 1958-1962" (Memoirs of Hope, the Revival 1958-1962), Paris, 1970, German edition Vienna, 1970.
6. Cf. W. Schuetze, op. cit [footnote 2], appendix on opinion surveys. To a question of November 1982 about what they would trust most in case of a direct threat against France, 18 percent said nuclear weapons, 28 percent, conventional weapons, 20 percent, armed resistance by the entire population, 17 percent, passive resistance.
7. On domestic dimensions, cf. W. Schuetze, "French Nuclear Armament as Reflected by Parliamentary Debates," EUROPA-ARCHIV, Vol 16 (1961), No 9.

8. C. de Gaulle, *op. cit.* [footnote 5], account of his first meeting with FRG Chancellor Konrad Adenauer at Colombey-les-deux-Eglises on 14 and 15 September 1958.
9. *Ibid.*, Charles de Gaulle on his talks with the Soviet party chief during his official visit to France.
10. On de Gaulle's offer to the British Ambassador to Paris, Christopher Soames, cf. H. Wilson, "The Labour Government 1964-1970, a Personal Record," London, 1971, p 610; A. Fontaine, "Comment avorta le dialogue franco-britannique" (How the Franco-British Dialogue Failed), *LE MONDE*, 11 March 1969.
11. A. Beaufre, "Introduction a la Strategie," Paris, 1963; "Dissuasion et Strategie," Paris, 1964.
12. General C. Ailleret in a contribution in the journal *REVUE DE DEFENSE NATIONALE*, December 1967.
13. Chief of general staff Michel Fourquet revised the Ailleret doctrine in a speech before the Institut des Hautes Etudes de Defense Nationale, Paris, held while de Gaulle was still president and published in May 1969 in *REVUE DE DEFENSE NATIONALE*.
14. *Ibid.*
15. "Livre Blanc sur la Defense," May 1972. The most important passages in W. Schuetze, *op. cit.*, [footnote 2].
16. On the development of the doctrine and the relation with NATO, cf. L. Ruehl, "La Politique militaire de la V. Republique," Paris, 1976, and J. Gerber, "France's Special Role in the Western Strategy," *FRANKFURTER ALLGEMEINE*, 27 April 1977.
17. Contribution by General G. Mery in *DEFENSE NATIONALE*, June 1976.
18. For the internal French strategy debate see the detailed account in the report of the Balancing Commission (on the tenure of Giscard d'Estaing), published in February 1982 under the title "La France en Mai 1981" by Documentation Francaise, Paris; in German, see W. Schuetze, *op. cit.*, [footnote 2].
19. On the position since the change in power in May 1981, cf. W. Schuetze, *op. cit.* [footnote 2], "Introduction and Documents," and P. Krop, "Les Socialistes et l'Armee," Paris, 1983.
20. Cp. in particular W. Schuetze, "Pierrelatte, Focal Point and Symbol of France's Nuclear Policy," *EUROPA-ARCHIV*, Vol 17 (1962), No 16.
21. Details in L. Ruehl, *op. cit.* [footnote 16].

22. Cf. Y. Boyer, "French National Defence Policy and the New Majority," Occasional Papers No 4/E, Program for Strategic and International Security Studies, Geneva, November 1981. The proportion of "tactical" nuclear armed forces to the total nuclear spectrum is relatively modest: in terms of manpower, 8,260 compared with nearly 19,000 soldiers for the strategic armed forces, in terms of budgets (1981), 3.37 billion francs as against 16.45 billion francs for the latter.
23. Cf. positions taken by government representatives and those of the SP, in W. Schuetze, op. cit. [footnote 2].
24. Source: "The Military Balance 1982/83," International Institute for Strategic Studies (IISS), London, 1982; and Y. Boyer, op. cit. [footnote 22].
25. Source: Paris Defense Ministry, Information Service (SIRPA); cf. also the statistical appendix in W. Schuetze, op. cit. [footnote 2].
26. Cf. W. Schuetze, "France's Defense Policy Facing Tough Decisions," MARINE-FORUM (1983), No 6.
27. France did not sign the Partial Test Ban Treaty of Moscow, 1963, the Non-Proliferation Treaty, 1968, the Convention on the Prohibition of Bacteriological Weapons, 1972, and the Seabed Treaty, 1972; cf. J. Klein, "Disarmament or Arms Control: The French Position under the Fifth Republic," ETUDES INTERNATIONALES, 1972, No 3, and "Continuity and Opening in the French Disarmament Policy," POLITIQUE ETRANGERE, 1979, No 2.
28. Speech by Prime Minister Pierre Mauroy before the Institut des Hautes Etudes de Defense Nationale, Paris, on 20 September 1983. His formulation: "Defense systems" could also include anti-submarine and anti-satellite systems.
29. The most important passages verbatim in W. Schuetze, op. cit. [footnote 2].
30. Cf. O. Maetzke in FRANKFURTER ALLGEMEINE, 14 February 1983.
31. Text in L'HUMANITE, 1 June 1983.
32. Verbatim in L'HUMANITE, 13 July 1983.
33. Speech of 19 July 1983, cf. LIBERATION, 20 July 1983.
34. Cf. T. W. Stanley, "The Nuclear Debate Within NATO--Washington's Views," EUROPA-ARCHIV, Vol 17 (1962) No 16.
35. The June 1973 San Clemente U.S.-USSR Agreement on the Prevention of Nuclear War, in Paris was interpreted as evidence that the two world powers were seeking agreement on neutralizing the ignition function of French or Chinese weapons in the future. French government circles were talking of a "nuclear Yalta" at that time.

36. President Mitterand in his TV interview early in June 1983 and in his speech to the NATO foreign ministers in Paris the same month. Details on that in the interview with Defense Minister Charles Hernu at Suedvest-funk, 31 July 1983.
37. Report from Yuri Andropov on the 60th anniversary of the USSR, during the joint session of the CPSU Central Committee, the Supreme Soviet and the RSFSR Supreme Soviet, 21 December 1982. Published verbatim in ACTUALITES SOVIETIQUES, Moscow, special supplement January 1983, No 327.
38. Yuri Andropov speech at the festival banquet in the Kremlin in honor of the GDR delegation headed by Erich Honecker on 3 May 1983. The essential parts of the dinner speech in ARCHIV DER GEGENWART, 1983, No 18.
39. The French strategic potential (sea and land-based) today has 98 warheads and the British, 192 (64 sea-based missiles with three warheads each), making it a total of 290, equivalent to 94 Soviet missiles with three warheads each (282). According to U.S. reports, the USSR had deployed 120 SS-20's, targeted on Western Europe, in December 1979.

5885

CSO: 3620/107

## PASOK CRITICIZED FOR MILITARY PERSONNEL POLICY

Athens AKROPOLIS in Greek 10 Nov 83 p 5

[Text] Immediately after the political reform of 1974 a lot had to be done in the Armed Forces. First and foremost calm and discipline had to be restored to the Forces which had been grievously wounded by the 7 year [Junta]. And the Armed Forces had also to recover the prestige and the confidence they had lost.

Secondly some defensive work had to be done to complement the defenses of the nation (especially in the islands' zone). Our defense problem had to be posed chiefly in terms of the threat from the East and defense schemes worked out accordingly.

Thirdly, despite the fact that impressive orders for weapons systems had been placed, their delivery was being delayed. And there were also many deficiencies in war materiel which had to be immediately rectified.

A tireless attempt, methodical, systematic and discreet began to solve those burning problems. And within a short period of time both peace of mind and discipline were restored in the Armed Forces while the organization of defense with special emphasis on the island zone was also completed and the delivery of the materiel ordered was effected. At the same time, new orders for other kinds of weapons were delivered to the nation.

Fighting capacity and defensive measures put Greece in the position of being able to face any kind of threat.

## Took Over a Strong Army

Thus when the PASOK came to power it took over strong Armed Forces which could guarantee to the full the freedom and territorial integrity of the nation. And the declarations made by the Premier when he took over the Ministry of National Defense from the present leader of the major opposition party are significant. Those declarations were a recognition of the work done and a denial of many of the avowed positions of the PASOK when it was in the position of major opposition. But recognition and justification did not take place on that day only. They continued in practise, with the tactics the PASOK has followed on many questions even though it had launched wild attacks against such tactics when it was in the opposition.

Some examples prove this:

In the days of the New Democracy the PASOK criticized the gigantic effort initiated to create a war industry of weapons etc., which are beginning to be manufactured now and which had been formerly the target of the PASOK [attacks].

Today the Pasok relies on the war industry the New Democracy established.

#### Productivity

The real question is: "If in the name of the social-marxist methods which are being followed productivity had declined in the factories and if in many sectors they are not operating properly."

Formerly the violation of the national air space by Turkish airplanes cause the indignation of the PASOK against the governments of the New Democracy whose instructions to the Air Force were only to identify and deter.

With a torrent of declarations today's Head of the State poured out his accusations. Today he too follows the same tactics.

Formerly the leader of the PASOK thundered "You have sunk the NATION." Today he no longer dares say it. And not only this, but the most provocative violations by the Turkish Air Force units are viewed by him as "harmless crossings."

Today, after 2 years, the defense of the nation is undamaged and the fighting capacity of the Armed Forces continues to stand at a high level. But this does not mean that there were no mistakes, negligences or acts of "an unusual nature" for the Army which, undoubtedly, were not a positive contribution to the functioning of the defense mechanism. And at the source of all this was the attempt by "some" to introduce partisanship into the Armed Forces. Fortunately the attempt was fruitless because it was countered by the reaction of many elements, some of them governmental.

#### Lack of Discipline

However, the damage had been done. We will only refer to a few specific cases:

First, the instances of soldier insubordination which occurred from time to time in various units and which were referred to in the questions and the interpellations of deputies of the opposition.

Second, the steady rise of trade unionism in the Armed Forces which has a very adverse effect on discipline.

Third the emergence of "hood wearers" who have debased the concept of the soldier and reached the point of giving interviews openly.

The Under-Secretary of National Defense Mr. Drosoyannis himself noted the "phenomena" and said that measures are under way.

But the root of the evil is not where the Under Secretary of National Defense wants to strike it. It is elsewhere, in the so-called democratization of the Armed Forces and "in the struggle for better living conditions."

With such slogans breaches of discipline and, very often, penal, damning wrongs are committed.

It is with such slogans that discipline is abolished sometimes. As was denounced in Parliament soldiers, supposedly in the name of Democracy, have insulted their officers in the most vulgar manner. Occurrences are numerous and significant.

This situation was created by the so-called "new wind" which blows in the name of Democracy.

If it goes on, this situation will reach dangerous proportions.

The efforts of the Communist Party to infiltrate the Armed Forces are obvious. It would be unfair to say the attempt is new. It is an old one. But the difference is that in the past it could not succeed. The opposite is happening today and this is made easier by some of the measures that are being taken.

A typical example is the abolishing of the certificate of social convictions. This is very revealing. Think how many members of the KNE [Greek Communist Youth] or organized members of the KKE [Greek Communist Party] can be promoted after a few years to permanent second lieutenants.

This attempt at infiltration has been confirmed in the most categorical manner also by the "interest" the official organ of the KKE displays for the Armed Forces. It is significant that it has devoted a special page to them and it is revealing that from time to time it publishes classified material there.

Another matter about which the government has no reason to feel pride is the spite shown toward some officers because politically they side with the New Democracy. Those officers had impeccable records, unimpeachable careers, recognition from the entire Corps. And yet they were pensioned off. Could it be because other "green" officers had the power to impose their views?

#### The Suicides

Fortunately however, the persecutions did not acquire the aspect of the wave which became noticeable in other areas of public life.

Something else that should be noted as a phenomenon and the reasons for it looked into, is the increase of suicides among soldiers.

We do not claim that no suicides occurred in the past. They did. But now their number has considerably increased.

Of course they cannot be ascribed to the "living conditions and harassment" as the "hood wearers" claim.

Something else is happening for which it would be unjust to lay the blame on the government. It could be held responsible only if it does not investigate fully the "phenomenon" whose dimensions have admittedly increased.

In all of this must be added the rise noted in the thefts of weapons and other war materiel from various military units.

Indeed, during the last 2 years, as is made clear by the questions deputies ask and by newspaper articles, it was found that materiel was missing from armories. The most serious case was the theft of missiles from armories in Chios.

Our last remark is related to the "purchase of the century" that is to say the order for 100 of the latest model airplanes, which will cover the needs of the Air Force for the next 10 years.

The order had been decided on during the rule of the New Democracy governments and by the middle of 1981 all the preparations had been completed. The market had been investigated, offers were made and finally the relevant Committee of the Air Force General Staff, after an exhaustive and detailed study, had settled on 4 types of airplanes from which the final choice could be made. Those airplanes were the "Mirage 2000", the "Tornadoes", the "F16" and the "F18".

When the PASOK came to power it examined the question all over again and finally ended with the same choices.

But, from delay to delay, valuable time was lost and a few days ago the Premier, who was in London, made a declaration which implied that the delay in ordering was due to... middlemen and commissions. Following which the governmental Press, interpreting the Premier's declaration and referring to reliable sources, mentioned that the government might go as far as to cancel the order in order to exclude middlemen and commissions.

#### Loss of Time

But ordering the airplanes is not a commercial operation. It is a vital national need of the utmost significance. The loss of time in acquiring the airplanes has many negative aspects. Because, first of all, this delays the modernization of the Air Force, precisely at a time when our neighbors intensify their efforts to bring their Armed Forces up to date, particularly the Air Force with the specific aim of gaining air supremacy.

Therefore, instead of talk of cancelling the order, would it not be wiser for the Premier to uncover the middlemen and if there were persons who took commissions to initiate against them the standard procedures?

It is not necessary to go into further details to show what happened exactly in some cases, in the Armed Forces. As was said at the beginning, the matter is particularly delicate and sensitive.

Therefore we shall go no further. And we sincerely hope that the episodes which have occurred will be the last ones.

## COUNCIL OF STATE RULES ON MILITARY AFFAIRS

Athens TO VIMA TIS KYRIAKIS in Greek 6 Nov 83 p 1

[Text]The Council of State ruled that the military can have in their units every kind of written material of a political nature (newspapers, magazines, books etc.) but they must not read them if there is a possibility that they will, directly or indirectly, undermine military discipline.

The Council of State ruled also, in the minutes pertaining to the review of the presidential decree on "The Ratification of General Regulations on Military Service" that the provisions of the new regulations, which forbid any kind of political activity in the army and specify that the recruits who had been members of a political association before their induction into the army must suspend their political and trade union activities for the duration of their service, are lawful.

In particular the Supreme Court (5th Section of the Council of State) ruled:

.Unanimously: that the provision of the Military Regulations which forbids the military to have in their military units written materials of a political nature which might, directly or indirectly, undermine military discipline, as well as publications of a clearly anti-military character, is illegal and anti-constitutional.

.By a majority of votes: that the same provision, insofar as it forbids the military to read the above mentioned political printed material and any written material that has a clearly anti-military character, is legal because of the State's special relationship of authority with the military and also in view of the special regime of discipline under which they function. This provision will have to be complete to comply with article 14 of the Constitution.

.Unanimously: that the provisions of the Military Regulations which stipulate that female non-commissioned officers are juniors as regards seniority in relation to men in the same category and of the same rank, are anti-constitutional. The specific provision (article 8 paragraph 8) is not legal because it is in opposition to the provisions of articles 4 and 116 of the Constitution which expressly state the general principle of equality in the sector of social position and the legal aspect of relations between the 2 sexes.

.By a majority of votes: also that the provision of the Regulations (article 25 paragraph 7) which requires permanent cadres of the armed forces to have the permission of their Service for their participation in scientific, professional sports Associations, Unions or Corporations, is legal.

## AEROFLOT PLANES SPY ON AIR FORCE BASE

Amsterdam ELSEVIERS MAGAZINE in Dutch 12 Nov 83 p 33-34

[Article by Sjoerd van der Werf: "Aeroflot Planes Conducting Espionage"]

[Text] The Transport and Battle Command Headquarters of the Dutch Air Force in Nieuw Milligen has serious complaints concerning the course deviations of Russian commercial aircraft over our country. There are strong indications that they are indulging in espionage activities.

"We are not at all happy with the course deviations of Aeroflot planes over our territory," says Colonel H.W. Plazier, commander of the Battle Command Headquarters, equipped with super-sensitive radar scanners in the Veluwe Forest. "But there's nothing we can do about it since official permission is always granted for these deviations. This permission comes from the air transport control center in Schiphol, that is, the national air transport service, and then they immediately inform us about it. If they don't, we get right on the phone."

The official reasons for such a request for permission to change course are numerous, but a fuel-saving maneuver seems to be one of the most frequent motives. That sounds not at all unreasonable. But the people at Dutch Mill, as the headquarters is called, think it very strange that Aeroflot planes fairly often overfly an area like the Leeuwarden Air Base. Says Colonel Plazier: "The incident of the Korean airliner shot down by the Soviets has obviously stirred up discussion in our country again on the question of who should grant permission for this sort of deviation from the flight plan."

People in Nieuw Milligen are satisfied with the cooperation with the civilian air traffic control at Schiphol. "If things keep going the way they have for several years with Eurocontrol, we'll consider ourselves fortunate. But they could give more consideration to the military implications and shouldn't grant permission for course deviations that allow planes to fly over such a sensitive area as the Leeuwarden Air Base," claims Plazier.

Is there strong evidence for the belief that Russian commercial planes are being used for spy missions? Colonel Plazier shakes his head: "No, there isn't. But the fact that more than once the people at Schiphol have been unable to inspect an Aeroflot machine from top to bottom naturally makes you wonder. There are almost always compartments they aren't allowed to enter."

This kind of thing is occurring in other countries as well. On 17 May this year, a Tu-134 charter flight from Brest to Moscow deviated at least twice from its assigned course and flew over three important military bases. The French forced it to land and inspected it. However, the results of the inspection were never made known. This same thing happened in the United States, not only with Aeroflot but also with LOT and CSA planes--aircraft of the Polish and Czech national air lines. Recently, West German television showed a picture of an Aeroflot plane at the Frankfurt Airport with distinct, "lens-shaped protruberances" on the fuselage. According to the Ministry of Defense in Bonn, the planes repeatedly deviate from the prescribed routes in order to fly over NATO installations and photograph American bases.

The Pentagon claims it is certain that many commercial planes in the Aeroflot, LOT and CSA fleets are equipped with spy cameras or listening devices. "But," adds an American official, referring to the Korean airliner incident: "we haven't ever simply shot one of them out of the sky." Colonel Plazier supports this observation: "With us--in NATO that is--the first principle is not to take an action which could escalate a situation. Our position is that 'hostile action' must be committed--say, a bomb dropped--before the order is given actually to bring down a plane. It might sound incredible, but, for us, even opening the doors of the bomb bay doesn't constitute a hostile act. It's possible, at least in principle, that a Tupolev or Ilyushin would then just drop some propaganda leaflets." Colonel Plazier stresses that he is talking about a situation in peacetime and that during a real conflict "different rules" would naturally apply.

And what if an Aeroflot plane deviated from its route without permission? Colonel Plazier: "In that case, we certainly wouldn't fumble around a couple of hours as the Russians did during the Korean Airlines Boeing incident. We would immediately be in contact with Leeuwarden or Soesterberg, where planes would be sent up for an interception. They would attempt to warn the plane's crew by signals or by radio that the flight's conduct was 'unacceptable.' There are international procedures for this. But to simply shoot it down? Of course not. Inconceivable." For Dutch Mill, the most important rule is and always will be: never do something that might allow the situation to get totally out of hand.

But in the hot, much too small, underground bunkers of the headquarters in Nieuw Milligen, Plazier and his staff look on with growing exasperation as the Aeroflot planes cruise over the Leeuwarden F-16 base easily and at no risk.

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CSO: 3614/15

## CONTROVERSIAL OFFICER'S OPINIONS ON MILITARY REFORM

Madrid DIARIO 16 in Spanish 25 Nov 83 p 2

[Article by Cavalry Capt Jose Luis Pitarch: "The Reform of National Defense"]

[Text] Once again Captain Pitarch has been sentenced to 3 months in jail for voicing his opinions on national defense. Because he is an honorable man, however, he conveyed to us his views on Minister Serra's current program of reform before entering prison. Let us hope that this article gives rise only to a reasonable exchange of opinions.

On 28 October the Official Gazette of the Congress of Deputies published the bill to amend the organic law on national defense and the military organization (which the previous legislature had passed in early summer 1980). Immediately thereafter came Mr Verstryngge's withdrawal of authorization for the bill, comments by Emilio Romero (who this time was at odds with his bosses in the paper YA, which stated in an editorial--Oh the things we are forced to read!--that the Spanish Armed Forces are not and have never been political") and by many other newsmen and columnists, and even the intervention of the minister himself, who gave his first "in-depth" interview on Spanish Television no less, on a prime-time heavily watched program. If the military issue is always a political one (especially since Clausewitz and Lenin/Trotsky), related legislation is particularly so, and much more so in a country that bears the deep mark of military dictatorships and interventions.

The bill ultimately aims at eliminating once and for all from the Armed Forces the remnants of longstanding traditions and inertias of oversight, autonomy, patronage...in other words, to outlaw, once and for all, all of the military's Third World characteristics. What this simply means is taking after the rest of Europe, the United States, Canada, Japan, in other words, the countries with which it is worthwhile to compare ourselves, instead of the coup-plotting military men of Latin America or Africa. For this very reason the issue is a hot one, because some groups are well aware that they will never see their interests prevail (over the interests of the majority) unless they organize a military

rebellion, and there are others that go along with democracy, but "to a limit" and do not lose sight of the fact that "the military has always saved civilization." This is, in other words, the age-old line of Donoso-Cortés-Ramiro de Maeztu (which surely did not foresee Armed Forces like Ethiopia's or Poland's under Jaruzelski, because here the military is praised as long as it does not compromise certain things. If it does, we know what happens: Neither Maeztu nor Mengistu Mariam, but instead Reagan and the "big stick").

I must confess that I find it difficult to summarize the one thousand and one facets of this bill that ought to be looked into, lest we be guilty of a superficial approach. Let us look now at the constitutional aspect. Article 8.2 of the constitution establishes that "an organic law shall govern the foundations of the military organization." It does not specifically mention "defense," but the UCD [Democratic Center Union] in 1980 and the PSOE [Spanish Socialist Workers Party] in 1983 felt that the two ought to be regulated together. Nevertheless, there were experts who as far as back as 1979 came out against an organic defense law. One of them was the general who uses the pseudonym "Juan de España." They cited the historical and political problems connected with our Armed Forces and felt that the concept of "defense" should not be extended beyond military matters, that it should not comprise all of the nation's activities. This is in keeping with the usual practice in the developed countries.

What really worried the general 4 years ago was that assigning missions "to carve up the pie" would be a serious obstacle to the government's use of the Armed Forces: "There is no plan that can stand up to a confrontation with reality," as Clausewitz said. I think that his analysis, albeit somewhat incomplete, is very useful, because the point is that since we are not talking about attacks or the offensive (let us leave that for empires), but instead about defense, flexibility (which in a way means the ability to improvise or to adapt to future circumstances) is just as important or more important than planning. Moreover, the government should not tie its hands more than it has to in proposing legislation on defense.

In this vein, we can cite the example that the two traditional branches of the military at the turn of the century (the army and navy) expanded to three by the Second World War and have continued to increase in number. The Soviet Union, in fact, has five branches (the fourth and fifth are the Strategic Attack Forces and the Forces for Defending the Territory Against Air Attacks). Some time ago in Spain a proposal was made to make Air Defense (mainly army and air force units) independent of the commands of the three branches. This did not come about entirely (although a specific command was set up that did not come under any of the military ministries but instead was subordinate to the Superior Staff) because of the obstacles that the former erected. There have also been noteworthy instances of factionalism, for example, in opposition to the unification of the arms and materiel organizations of the three branches.

In short, the law ought to give the government enough maneuvering room to overcome this kind of obstacle to unification and, at the same time, to cope with the new situations and demands arising from the technological revolution and the multiplication of Armed Forces components. Moreover, the government must have sufficient legal power to quietly settle any potential questions of jurisdiction. Lastly, none of the functions of the Cortes should be usurped.

The reform bill that the administration submitted last month also prompts certain almost automatic comments. It does not touch at all on the issue of the Civil Guard or military service. Both of these issues were widely debated and "reformed" in 1980 when Alberto Oliart chaired the Congressional Defense Committee. At that time, the Catalan minority, the Socialist group and the Andalusian group, among others, asked that military service be rendered preferably in the local region or nationality, to which Fraga objected, citing the danger of some sort of regional militias developing. In addition to the amendment of the defense and organization law, the administration has today submitted another military service bill. There was also debate at the time (and perhaps it would not be pointless to raise the issue again today) as to whether defense, which is entrusted basically to the branches of the military, should be construed explicitly as "any form of aggression" (see Article 2 of the law). Bearing in mind the political impact of terrorism, the big political trump card of those wishing to subvert the democratic State, we should reflect on the extremely broad scope of Article 2, which perhaps goes too far and which the bill we are commenting on does not address.

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CSO: 3548/126

## DECISION PENDING ON NEW LOW-LEVEL ARMY MISSILE

Madrid EL ALCAZAR in Spanish 25 Nov 83 p 10

[Article by Alfredo Florensa]

[Text] The Defense Ministry must soon submit to the Council of Ministers its report on which low-level antiaircraft missile the army should acquire. After several postponements, which prolonged the country's defenselessness against low-level air attacks, the lists of bidder concessions were finally handed in last 15 October. There is an extremely large political component to the decision. Now that the U.S. contender has been practically ruled out, the competition between the two European bidders places Spain's negotiators in a fine position to make headway towards the creation of missile industry here.

The systems vying for the 33 billion peseta contract are the U.S. Chaparral from Fort Aerospace, the Rapier from British Aerospace and the German-French Roland from the Euromissile consortium.

The decision was supposed to have been made 2 years ago. The military initially preferred the Chaparral, which was older but priced lower, thus enabling more units to be purchased. In reference to unit "cost" and "number," industrial sources told EL ALCAZAR that "these are not, in any case, specific guidelines, because cost-effectiveness has to be considered. So, buying more missiles at a single price does not necessarily mean that they will be more effective, because a single more expensive unit might be more effective than three of the less expensive model."

A new study was ordered in September 1982, focusing on bidder quid pro quos in particular. The contract signing was scheduled for March or April. It was later postponed to sometime before summer, and finally Defense set the close of this year as the deadline.

#### The Chaparral, the Least Likely Choice

There are two determining factors in the decision now: the transfer of enough state-of-the-art technology to achieve a high manufacturing level, and the political gains that the purchase entails. On this

latter point the Spanish negotiators seem to be "in the driver's seat" and can use the transaction to effect changes or to "reward" one or another nation.

According to observers, these circumstances are of no help to the American option. Although it offers the most extras, its technology is almost 20 years old, which would not give the domestic industry a modern working base. The political reason has to do with the Defense Ministry's instruction to cut U.S. weapons imports, after the purchase of the F-18's, to compensate our European allies.

Hence, the choice is almost certainly between the Rapier and the Roland, which offer very similar economic quid pro quos: 50 percent of the amount of the purchase.

#### Would the British Discuss Gibraltar?

In contrast to what happened in the early 1970's, when the Wilson Administration vetoed Spain's purchase of British frigates and the Leopard I tanks (with British guns), the British Government now fully backs the Rapier sale. Yet Madrid would negotiate only if major political concessions were offered, high-level Defense officials feel.

The feeling is that such concessions, which were not offered with the FACA (a transaction 10 times as large as this one), will not be granted this time either. The United Kingdom is not prepared to negotiate sovereignty over Gibraltar, which is "the issue."

Although the representatives of British Aerospace feel that "the government is going to further tighten the economic screws on us," Undersecretary of Defense Geoffrey Edwin seems to have focused on politics during his recent visit.

The British offer includes the formation of a two-nation consortium to manufacture and export the missile for the Spanish Army and for Arab and Latin American nations (a touchy market for the British in the wake of the Falklands fighting). There are guarantees for half of the Spanish order manufactured here, with the "confidence" that production can be doubled in a few years. According to the British, the technology to be transferred will give Spain strategic independence, because all components, except the gyroscopes, would be manufactured here. Without a gyroscope a missile is like a ship without a compass.

Another British offer, "provided that the British Army does not object," is the production of the entire Rapier Laserfire, a new laser-guided missile mounted on a small truck.

### The Roland Option

For their part, the representatives of Euromissile have insisted that the German side of the French-German consortium is handling most of the transaction with Spain, contrary to the reports that the Roland is French. According to them, "Germany has no disputes with Spain and, moreover, supports Spain's involvement in major European arms programs (the ACA aircraft, the European tank of the 1990's, etc).

Although the military has broad discretion as to how the missiles will ultimately be deployed, even vis-a-vis the manufacturers, there is apparently some interest in mounting several on caterpillar-tread vehicles. Euromissile has reportedly offered to mount the Roland on the AMX-30 chassis, which would give extra work to Santa Barbara. Both the U.S. and British model would probably require imported caterpillar-tread vehicles.

The components of the Roland would be manufactured entirely in Spain by companies in the electronics and military divisions of the National Institute of Industry. According to the bids, 10 percent of the production would be to meet Spain's needs, and the remaining 90 percent for guaranteed exports, the representatives of Euromissile said.

The first Roland missiles might arrive in Spain before this coming summer (the German Army might even give up a few), and domestic production could begin in 18 months. German technicians would travel to Madrid to train Spanish company personnel.

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## GOVERNMENT WANTS ADDITIONAL NEW TAX TO PAY FOR SUB HUNTING

Stockholm SVENSKA DAGBLADET in Swedish 11 Nov 83 p 8

[Article by Erik Liden]

[Text] The government has recommended that parliament allocate an additional 250 million kronor to improve antisubmarine measures.

The funds would be provided by the increase in the oil tax by 120 kronor per cubic meter, which occurred on 1 November. As early as last April the submarine commission stated that 200 to 250 million kronor was needed immediately to improve our antisubmarine defense.

## Reconstruction

Naval Commander Per Rydberg now will be able to have four air force helicopters converted for antisub activities and order four more mine sweepers from the Karlskrona shipyards. Two are under construction there now.

Defense Minister Anders Thunborg said in the proposal that the antisubmarine effort must be intensified as soon as possible. The reconstruction of helicopters must be accelerated and the underwater patrol system must be intensified.

## Faster

In some respects, Thunborg wants to proceed even faster than the pace proposed by Commander in Chief Lennart Ljung in a report presented on 16 September. The commander in chief subsequently made additional recommendations, including the right to induct recruits for submarine hunting.

Thunborg said he was now willing to delegate induction rights to the commander in chief. He also will investigate the possibility of simplifying and speeding up the purchase of defense materiel.

## Negotiations

Thunborg also announced that negotiations were underway with the personnel organizations to change the agreement on working hours so that overtime would not prevent the rapid implementation of antisubmarine measures. Inductee training will be difficult under present conditions if overtime cannot be used for antisubmarine missions.

## GOVERNMENT GUIDE FOR LIVING UNDER FOREIGN OCCUPATION VIEWED

Stockholm DAGENS NYHETER in Swedish 18 Nov 83 p 5

[Article by Mats Carlbon and Ingemar Lofgren]

[Text] A new edition of If War Comes is currently being prepared. This publication is intended to prepare Swedes for war.

It is a poorly written publication according to critics. It assumes that the enemy troops are gentlemen.

We must assume that the enemy will abide by international law, the National Psychological Defense Planning Committee responded.

It is estimated that the new edition of If War Comes will be ready for distribution within 2 weeks. But it will not be distributed to every household, as previous editions were.

That would be too expensive, according to the authorities. For this reason, about 30,000 copies are being printed. They will be used primarily for training within the overall defense system.

But there is another reason, as well: the people should not be frightened without reason, according to the Total Defense Chiefs Committee, which bears the ultimate responsibility for the publication.

## Rights

The Swedish people will obtain the publication only after war has broken out.

The contents of If War Comes have been criticized by many reviewers. The call for defense at all costs has been toned down. Instead, the publication emphasizes the rights Swedes have in case of an occupation.

"The occupation will almost appear to be a desirable condition of law and order, after the military has been forced to retreat," the coordinating section of the Defense Ministry said in its reply. "As a result, an exhausted populace could give up too readily in order to achieve the conditions described here."

## Civilians

The publication states that civilian objects such as humans and production facilities cannot be attacked by the enemy, since this is against the laws of war.

If Sweden is occupied, according to international law, it is only a temporary assumption of power. Swedish law is still valid.

The enemy must supply food and medical care to the people. The enemy cannot exercise force against civilians, violate personal integrity, or mete out punishment without a trial.

Former department head Lars Danaro was responsible for the Defense Ministry's reply.

## "Flattering Picture"

"A pleasant, flattering picture of the enemy is presented," he told DAGENS NYHETER. "But there is not one example in the history of war in which international law has been followed."

"As an example, according to international law the enemy is required to supply food to the civilian population. If there is a food shortage, however, it is the enemy's own troops that will receive food."

Lars Danaro also believes that the publication should be distributed to every household in the country as soon as possible.

"According to all indications, a future war will take place in an extremely short period of time. If Sweden is attacked, the Swedes will be at a loss as to what to do. They would have no chance to receive the publication at that time."

The civil defense commander for the eastern district also had some comments on the picture of the enemy presented by the publication.

"People may get the impression that war is not so bad," director Alex Ryden told DAGENS NYHETER. "That could lead to a shock, since there are no gentlemanly armies of occupation."

## Emphasis

Per-Axel Landahl, department head at the National Psychological Defense Planning Committee, coordinated the writing of the publication If War Comes. He does not agree that the call to resistance has been toned down, since there still is a section on this topic.

We asked Landahl why the committee emphasized our rights vis-a-vis the occupation army to such an extent.

"This is because parliament has decided that the regulations of international law shall be followed and that this information should be distributed among the Swedish people," Per-Axel Landahl told DAGENS NYHETER.

Naive?

Landahl was asked if it were not naive to believe that an army of occupation would follow international law.

"We cannot write in a government publication that occupying forces would ignore international law. Every effort should be made to make other countries accept the regulations. As a result, we must be clear on this issue ourselves."

We asked if there were any examples in history where soldiers followed international law.

"During World War II the soldiers followed international law rather well in certain instances," Per-Axel Landahl said.

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CSO: 3650/51

## ARMY CHIEF OF STAFF DEFENDS CONSCRIPTION SYSTEM'S VALUE

Stockholm 7 DAGAR in Swedish 11 Nov 83 p 14

[Article by Krister Larsson, Army Chief of Staff]

[Text] In 7 DAGAR No. 40, Hans Lindblad presented his outline for a more effective Swedish defense system. His plan is to train considerably fewer inductees, which would mean that the universal draft system would be abandoned.

It is disturbing that such an otherwise knowledgeable expert on defense policy would make such an unfounded assertion. His article lacks any analysis of how many combat units the military needs to carry out its assignments. In addition, Lindblad's description of the army is false and misleading.

A future attacker will have units with high mobility and an extensive capacity to land airborne troops. An attack against Sweden probably will occur over a broad front and reach deep into the country. This war would be waged over a much larger area than previously. The new technology also will make it possible for the aggressor to choose, conceal, and rapidly change the direction of his attack. We must offer resistance wherever he attacks, in order to limit his freedom to act and make troop movements more difficult. Important areas such as border crossings, harbors, beaches, air fields, bases, important defense facilities, communications, and railroad junctions must be defended. We also must be able to gather large numbers of troops to strike against the aggressor or to offer prolonged resistance, over a large area if necessary. These tasks can be accomplished only by a large number of ground forces. Such troops can be supplied only through universal conscription. The need is actually even greater.

We must also consider the other advantages of universal conscription. When the number of draft-age men drops during the 1990's, measures over and above universal conscription may be needed.

Lindblad characterized reserve training as a waste. It is absolutely necessary. Our defense must be maintained over a large area for a long time. Combat losses must be replaced by personnel trained during times of peace.

The army has been gradually modernized, although for economic reasons the materiel has not been renewed at the desired rate.

But the most recent defense plans of 1977 and 1982 gave the army the possibility of replacing old materiel in order to create effective combat units for the 1980's and the possibility of developing units that will be effective during the 1990's.

The present number of modern brigades can be maintained and modernized. There are plans to develop new, light combat vehicles for antitank activities. Personnel vehicles are being developed that eventually will be provided to the modernized brigades.

Older materiel no longer needed by these brigades will be transferred to other combat units following modernization. In this way, these other units will obtain sufficient equipment to carry out their more limited assignments. Even brigades that cannot be modernized as extensively as we would like can carry out well planned and well prepared defense and delaying assignments.

Thus, the army is using the available technology to strengthen our fire power with modern equipment that is well suited to combat in our terrain and to the limitations of our present induction period. Most of our materiel is manufactured by Swedish industry. Future technological developments will make it possible to continue this trend.

The goal of our basic training is to produce well coordinated companies and battalions. Reserve training is designed to keep alive the knowledge gained in basic training. Both good basic training and consistent reserve maneuvers are needed if our combat units are to carry out their assignments immediately following mobilization. Lindblad is correct when he says it would be ineffective to discontinue reserve training.

It would be possible, using approximately the present training period, to improve training in order to correct some of the problems we now have with regard to both training of the individual soldier and coordination of the battalions. By giving conscript officers better preliminary training, which is now being considered by the conscription committee (of which Lindblad is a member), they could be utilized more extensively in inductee training. They also could take more responsibility for reserve training.

The 1982 defense plan called for the dismantling of several units. Now we must make additional cuts by adapting our noncombatant organization to our long-range training needs.

The debate over the number of peacetime units (regiments) often deals with the number of beds needed. Our peacetime army must be dimensioned and developed on the concept that coordinated combat units must be trained and mobilized.

The brigades are the most effective units in the army's combat organization. As a result, professional officers must realize that the battalions must be coordinated during basic training and maneuvers with larger units can be conducted during reserve training. Thus, the authorities responsible for creating the brigades must be the backbone of our peacetime organization. It

is also important that special skills in artillery, antiaircraft weaponry, etc. be maintained and that training in these areas be conducted in a rational manner. Coordination and efficiency must be implemented in exercises involving units from all branches of the military, especially in garrisons.

For economic reasons, investments in our peacetime military must be utilized for long periods of time. The military must be developed in such a way as to provide the possibility of gradually changing without major new investments, in view of technological advances and changes in the threat from abroad.

The present plan for developing the army on the basis of universal conscription follows, in general, the defense plan of 1982. As a result of our reduced buying power, however, our efforts to confront the threat during the nineties must be delayed and our goal may be achieved too late. Increased allocations of about 200 million kronor during the current 5-year period would improve the situation considerably and provide a good foundation to build on in the future.

Lindblad's proposal to reduce the number of inductees, and thus the number of support personnel, by one third would result in a peripheral defense with less endurance that could not be beefed up, since the support personnel would have been reduced to the extent that rapid mobilization would be impossible. Our deterrent force would be reduced considerably.

In recent years, our defense has been characterized by changes in our peacetime organization. This organization must be developed according to a consistent plan without abrupt changes.

We must apply our interest, strength, and involvement to our combat units.

Sweden must have resources to develop a satisfactory military system!

9336

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## ARMED FORCES OFFICER CORPS TO HAVE POOR AGE STRUCTURE IN 90'S

Stockholm DAGENS NYHETER in Swedish 25 Nov 83 p 70

[Article by Kurt Malarstedt]

[Text] Aging among army officers during the nineties will be a major problem for the Swedish military. The Defense Ministry has begun to investigate this issue seriously.

Both the employer (the state) and representatives of the officers see re-training and early retirement as the only possible solutions.

The problem is especially acute in the army's combat troops. Some experts with whom DAGENS NYHETER spoke believe there is a serious risk that there will be too few officers to fill important posts in key combat brigades during the nineties.

Defense Minister Anders Thunborg indicated in an interview with 7 DAGAR some time ago that he was disturbed. He stated that during the nineties two thirds of the officers in the army would be over 40 years old.

A diagram drawn by the personnel section of the army staff dramatically illustrates the problem (see figure).

The situation in 1982 reveals a sound age distribution--350 to 400 officers between 22 and 40 years of age--and a narrow peak of officers who would retire within 10 or 15 years.

But in 1992 (and for several subsequent decades) the age distribution is quite different: there are several age groups with about 150 officers each and an enormous peak representing officers between 40 and 50 years of age.

There are two reasons for this:

The decision in 1972 to increase the retirement age for officers from 50 to 60 years of age;

Recent cutbacks in the military budget.

#### 160 Per Year

The army's military personnel currently totals 8,700 persons. By 1987 this figure is to be reduced by 300.

This means that the number of newly appointed officers will be limited to 160 per year, beginning now. During the "record years" of the sixties and seventies only a few new officers were commissioned each year, due to the introduction of a new chain of command.

"We hope to achieve our cutback goal by drastically reducing the number of new officers," said Johan Palmgren, head of the army's personnel section.

But he warned against additional reductions in the annual number of new officers.

"We cannot go any further without changing the organization of our combat troops and there is no legislation calling on us to do that."

If, as many believe, the age distribution must be changed in order to have more younger officers during the nineties, there are only two possibilities according to Palmgren and other experts: providing retraining for older officers or stimulating early retirement by economic means.

"We still have time to solve the age problem, but it will cost money," said Colonel Palmgren.

According to Palmgren, the addition of 160 officers annually is a minimum if we are to have enough officers with the rank of major toward the end of the century.

#### Too Old

But experts in the army and at the Defense Ministry believe that one result of recruiting at this rate will be that toward the year 2000 it will be necessary to use old officers or reserve officers in combat units, which should be led by young regular officers.

To be sure, army officers in general seem to be in better physical condition than civilians of the same age, but "cadres of officers in the brigades must be young to overcome the hardships resulting from an invasion," as Maj Gen Carl Bjoreman, chief of staff of the Southern Military Region, expressed it in an article in DAGENS NYHETER some time ago.

He believes that aging among officers has led to a "drastic reduction in the number of officers of a suitable age for combat positions in elite brigades and other field units."

Chairman Lars-Arne Gabrielsson of the National Association of Officers agreed:

"Brigade officers must be young and healthy."

Other sources believe there should be about 300 new officers per year in order for combat units at the battalion level to have enough of the desired "young and healthy" leaders.

#### Pensions

Various types of early pension plans now are being discussed. Gabrielsson of the National Association of Officers believes a temporary reduction in the retirement age could solve the problem. The army staff is studying the possible results of economic stimulation on early retirement and what the cost of this would be.

Assistance in retraining for civilian occupations is another possibility for convincing middle-aged and older officers to leave the profession for which they have been trained. This method was used successfully in France and other countries, but one of the problems with this method in Sweden, of course, is the tight job market we now have.

#### "Retraining Meaningless"

Lars-Goran Lindblom is a captain at the engineers' regiment Ing 3 in Boden. He is 38 years old. In the nineties he will be one of the all-too many old officers the army already has begun to see as a problem.

He is now taking a course at Ing 1 near Sodertalje.

"It is normal for 35 to 40 year old officers to take some form of continuing education," he said.

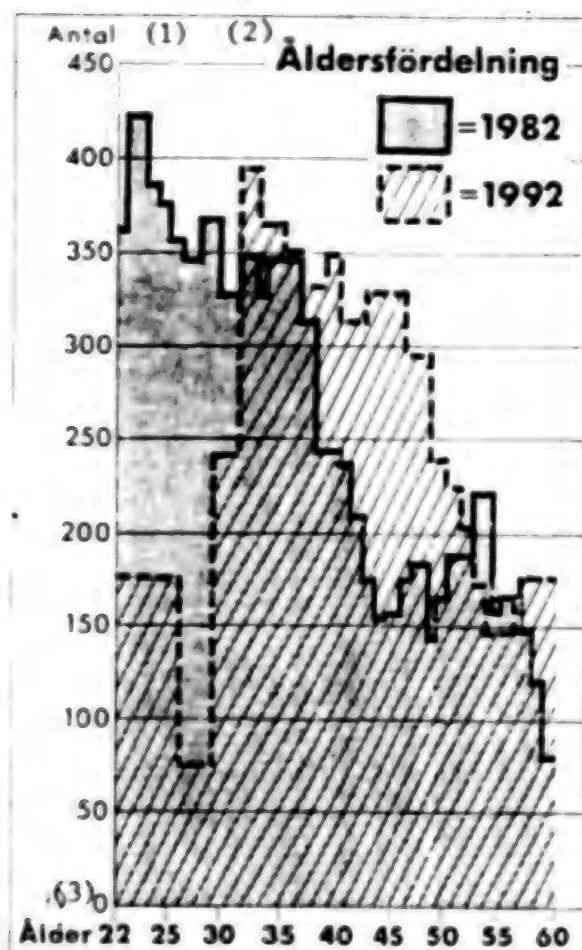
"It is at about my age we begin to look forward to 'sitting down' as we say. We begin to look forward to the day when we are no longer interested in wading around in the snow when it is 30 degrees below zero."

"Of course, the problem is that the number of people seeking desk jobs will increase at precisely the time when the number of these positions available will decrease due to cutbacks in the army budget. You can say what you want about that, but I believe we in the military must also do our part to support the austerity measures."

#### Secure

At the same time, Lars-Goran Lindblom pointed out that most people see military positions as more secure jobs than many others in our society. He finds it difficult to believe that officers will be laid off.

"If personnel cuts must be made, they should reduce the number of new officers. The age problem in combat units should be solved in some other way."



The 1982 age distribution has a solid base. There are 350 to 400 persons in most age groups under 40. By 1992, however, the situation will have changed. At that time the greatest number of officers will be over 40 years old.

Key:

1. Number
2. Age distribution
3. Age

9336

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## AFTER AIDING IN SUB HUNTS, COAST GUARD WANTS TO BE IN NAVY

Stockholm DAGENS NYHETER in Swedish 24 Nov 83 p 14

[Article by Anders Ohman]

[Text] The coast guard and the navy should be merged.

Many in the coast guard believe this. They are critical of the idea that the coast guard should merge with the Shipping and Navigation Administration.

The reason is that the scope of the coast guard's activities has changed in recent years. Previously the coast guard had a clearly civilian image. Illegal fishermen, smugglers, and drunken boaters were not hunted with big guns, but were caught by hook or by crook, in the soft-line civilian manner. The coast guard was given equipment to combat oil spills.

## Soft Image

Until 1980 it was easy for the coast guard to maintain its "soft image." Contact with the navy involved mostly border patrols and rescue missions at sea.

In recent years some of the coast guard's tasks have changed. In 1980 the so-called Huvudskar incident occurred in which, for the first time, a foreign submarine appeared boldly and defiantly in Swedish waters. The navy was confronted with totally new submarine tactics.

Since then, the coast guard has actively assisted the navy by patrolling for foreign submarines in Swedish waters.

Sweden's coastal fleet consists of about 60 ships and 10 large helicopters. This is all the navy has to combat foreign submarines. When these incidents occurred repeatedly--the most spectacular event was when the submarine U-137 went aground in Gaseffjarden near Karlskrona--coast guard ships joined in.

## Armed

The coast guard's field organization became an important link in the navy's surveillance system. Hydrophones have been installed in several coast guard

vessels and the navy has even considered providing coast guard ships with Malm and Elma antisubmarine weapons.

How this will occur and, if it does, who will be authorized to push the button has yet to be decided.

The civilian image of the coast guard has become more and more militarized by the submarine incidents--and this is not considered totally positive by some coast guard members.

"The coast guard must remain a civilian organization without military equipment. Sweden must provide the resources for this type of organization. We can work together with the navy when it is necessary," a union representative of the coast guard said.

#### Navy Attractive

The threatened merger with the Shipping and Navigation Administration suddenly has made the navy appear attractive to many. It is better to go to the navy than to the merchant marine, they say. Critics maintain that it would be impossible to combine a supervisory authority such as the coast guard with a service organization for the merchant marine, such as the Shipping and Navigation Administration.

The coast guard would unavoidably become a second-class organization and gradually lose its independence.

The other alternative is for the coast guard to remain within the Customs Department, as it is now. But can Sweden afford this during a time of austerity?

#### Decision In 1985

In the fall of 1984 parliamentary ombudsman Per Erik Nilsson will complete his study on the coast guard and the Shipping and Navigation Administration, which has been dubbed "The Unwanted Child." The proposal is to be complete in 1985. The Office for Administrative Rationalization and Economy is said to favor a merger in order to save government funds.

The number of oil spills and submarine intrusions during the coming year will probably determine the fate of the coast guard.

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CS01 3650/51

## NEW CESSNA ALREADY HAS SUCCESS IN MAKING SUBMARINE CONTACT

Stockholm SVENSKA DAGBLADET in Swedish 22 Nov 83 p 10

[Article by Erik Lidén: "New Plane Had Contact With Submarine"]

[Text] The Navy's new submarine-hunting aircraft which has been flight tested since 1 June this year, has had radar contact with a foreign submarine in the Karlskrona area on at least one occasion. The contact was of short duration.

The hull of the submarine was followed outside Karlskrona by means of the aircraft's equipment. Air bubbles from the submarine, which was submerged, could also be followed on the radar screen. The Armed Forces are unwilling to provide any details of the observations, but it is confirmed that the test aircraft offers new reconnaissance possibilities.

The contact outside Karlskrona which took place in September led to an extension of the submarine hunt, and it is in principle still continuing.

The radar contact lasted for several minutes, and the submarine was moving in the archipelago outside Karlskrona. On this occasion Navy helicopters also had sonar contact with at least one foreign submarine, and about 15 depth charges were released with no result.

The aircraft tested by the Navy is a Cessna 404 which is rented from Suedair up to the end of the year. If the test evaluation is positive, three light aircraft will be acquired over some time. The test plane is manned by a pilot from the Air Force and by cabin operators from the Navy.

## Radar

Initially, the plane was equipped with a simple forward-looking infrared apparatus, FLIR, and military radio equipment. In July the equipment was supplemented with an omnidirectional radar, ASR-360, a hyperbolic navigation system and an infrared scanner, VKA 702, with image processing equipment.

Coast Guard aircraft with equipment from the space agency are participating in parallel in the tests in order to be able to compare various reconnaissance equipment. It was a Cessna 402 which participated in several submarine

incidents as early as 1982. During the summer and fall, Navy aircraft were deployed in several submarine incidents with at least one submarine contact as a result.

#### Real Situations

The flying time greatly exceeds what has been budgeted, which indicates that the Navy has found it purposeful to use the plane in real situations even during the test flight period. Tests have also been conducted with Swedish submarines at various depths and under various temperature conditions.

The submarine plane is stationed at F 18, Tullinge outside Stockholm, but is serviced and equipped at Bromma. All additional equipment is supplied by the Armed Forces. One problem is that the weight tends to become too great. Depth charges cannot normally be carried, but submarine contact will trigger an alarm to a depth charge-equipped helicopter.

11949

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## REPORT REVEALS GOVERNMENT'S PLANS FOR MORE AUSTERITY MEASURES

Copenhagen BERLINGSKE TIDENDE in Danish 3 Dec 83 p 5

[Article by Lisbeth Knudsen: "Less Pay From 1985--More Money for Consumption"]

[Text] There will be still less for wage earners in the coming wage agreement in 1985 than from the result of negotiations last year.

That is according to a new government financial report. In this the government is following the advice of a number of prominent economists for a still tighter income policy.

In 1983 and 1984 the government expects that hourly wages for an LO worker will rise an average of 7.0 and 5.3 percent respectively in relation to the year before. That means that wage increases will be just below those of our most important competitive countries.

In spite of the assumption of the still tighter income policy from 1985, and the resulting very small wage increases, the finance minister expects that from 1985 for the first time in 10 years that there can be talk of an increase in the spendable real incomes. That is because of strongly diminishing price increases, and that the government will try to avoid tax and fee increases.

The new financial report from the government is a revision of previous estimates on a number of points. Thus both unemployment in 1984 and the national budget deficit are judged to be a bit more positive now.

If both the government's intentions about further growth in the private sector, and about a tight income policy and prospects for an international upswing hold, according to the financial report it will be possible to eliminate the deficit in the balance of trade, which next year is expected to be 8 billion kroner in the course of 3-4 years. Likewise it will be possible to eliminate the deficit in national finances, which in 1984 is estimated at 58.2 before the end of this decade. Unemployment will still remain high for some years, according to the finance minister, but he adds

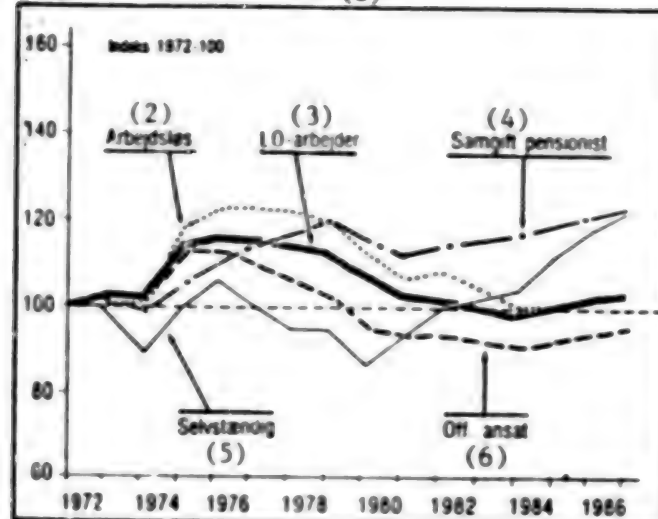
that there will be a decline concurrent with economic improvements. Also the interest span between Danish and foreign interest levels could be eliminated before the end of 1987, if the other assumptions hold.

The government still is short 2 billion kroner before the budget bill of 1984 fulfills its goal of 10 billion kroner in budget improvements which the government imposed. There are already negotiations taking place between the government and the Radical Liberal Party about the 2 billion kroner, and it is expected that a solution to the problem will be found. The finance minister cautions in the report against not finding a solution which brings down the deficit in 1984 in relation to this year.

"If the goal of a falling deficit in national finances in 1984 is not fulfilled, this can have serious consequences for the Danish economy, mostly because in that case--both at home and abroad--there will be significant insecurity about the validity of the new orientation of the economic policy. A marked strengthening abroad of confidence in the development of the Danish economy can be seen, which has resulted in an improvement in the nation's foreign borrowing terms," wrote the finance minister in the report.

Henning Christophersen believes that developments have shown that it is possible to turn the direction of the economy, and that therefore politicians are not powerless to handle the problems.

# Disponible realindkomst (1)



Key: (1) Spendable real income  
 (2) Unemployed  
 (3) LO workers  
 (4) Married pensioners  
 (5) Self-supporting  
 (6) Public employees

Caption: There will be large movement in spendable real income--meaning the consumable part of an income--for many groups in the coming year. The largest movement is in the group of self-supporting, which for a long time has been very poor in relation to the other groups, but from 1984 and beyond it is estimated that they will have significant improvement.

9287  
 CSO: 3613/52

## RISE IN WAGES IS LOWEST SINCE RECORDS FIRST KEPT IN 1971

Copenhagen BERLINGSKE TIDENDE in Danish 23 Nov 83 p 1

[Article by Frank Dahlgaard]

[Text] Danmarks Statistik: Wage inflation has never been lower since statistics were first kept. Wage increases have been reduced by half since the new government took over, with no decrease in real wages.

The rate at which wages are increasing in Danish industry is now at the lowest level ever registered by Danmarks Statistik.

From September of last year to September of this year, hourly wages in industry rose by an average of just 5.0 percent. That is the lowest wage increase registered by Danmarks Statistik since it developed the so-called hourly wage index for industrial workers in 1971.

Ole Vistisen of the Danish Employers' Association said we would have to look back to the mid-sixties and perhaps even back to the fifties to find a rate comparable to the modest 5-percent figure we now are experiencing.

He added that since the change in government last year wage inflation had been cut in half with no drop in real wages. This is because price inflation has followed a similar trend.

While hourly wages for industrial workers have risen during the past 12 months by 5.0 percent, as mentioned, monthly wages for salaried workers in industry have increased by 6.5 percent.

During this same period, the cost of living as measured by the consumer price index rose by 6.0 percent.

As indicated by these figures, the rates at which wages and prices have risen have both dropped substantially during the past 12 months.

9336

CSO: 3613/50

## PROPOSED FRG-USSR RAILROAD FERRY STIRS CONCERN

Munich SUEDEUTSCHE ZEITUNG in German 12-13 Nov 83 p 10

[Article by editorial staff member Gert Kistenmacher: "The Chancellor's Silence"]

[Text] Controversy concerning a German-Russian railroad ferry in the Baltic Sea. Due to massive misgivings on the part of the navy, Kohl did not say a single word concerning the long-planned project in Moscow.

Kiel, November -- Schleswig-Holstein's agile Minister for Economic Affairs and Transportation is experiencing a conflict. He would on the one hand welcome it if a large-scale German-Soviet project advocated and promoted by him had already assumed tangible forms. On the other hand, he does not find it a "bad development at all" that it has of late become noticeably and conspicuously more quiet on the political and journalistic scene with respect to this project, about which the general public had anyway been informed only in broad outlines. It appears that high-level government offices are finding it hard to make a binding decision in this matter, taking into consideration particularly the political aspects involved.

What is at stake is a new railroad ferry connection between the former east Prussian port city of Memel at the outlet of the Kurische Haff which, being the provincial capital of the Soviet Republic of Lithuania, is today called Klaipeda, and a German Baltic port. It is today no longer possible to determine exactly by whom and when the idea that in the Baltic ferry traffic an increased linking up also with the communist sphere of influence would be desirable for commerce and industry in Europe was first conceived. Existing records only speak of the fact that "some loud thinking" concerning this matter had been done in Luebeck, the largest ferry port in Europe in the 1970s, and that the Soviets then first started talking about this subject in 1980 on the occasion of the fourth German-Soviet maritime discussions at Yalta.

#### No Misgivings At First

Be that as it may, the Soviets have since August 1981 been expressing a strong interest in such a ferry connection. There were at that time also some initial

contacts with the federal government which, however, were broken off during the Afghanistan crisis. In addition, some -- unnamed -- German shipowners became increasingly inclined to participate in such an obviously promising and lucrative undertaking. In addition to Kiel and Luebeck, the Baltic Sea ports of Flensburg, Neustadt, and Puttgarden also declared themselves to be applicants for the western terminal. But it was only two years later, in June of 1983, that the Soviets took concrete steps in this matter.

Minister Westphal accepted an invitation from the Soviet Maritime Fleet Minister to come to Moscow, Tallinn (formerly Reval), and Leningrad -- but not without first coordinating with the FRG minister for transport and the Ministry of Foreign Affairs to make sure that there were no misgivings concerning this trip and the discussion of the subject dealing with a railroad ferry connection. Upon his return he reported that the Soviets are apparently very dissatisfied with the existing land connections for reasons of cost and time as well as due to political considerations -- presumably possible instability factors in Poland and the GDR. The Soviets did not fail to notice that in the course of the past two decades Schleswig-Holstein has acquired a dominating position in Baltic Sea traffic, and especially so in traffic with the Scandinavian countries. To quote from a report of the Kiel Ministry for Economic Affairs, this maritime traffic represents "a pillar of support for the bilateral trade relations with Scandinavia with all their positive side effects on jobs, services, and suppliers." There came into being a "Baltic transportation market," which because of the great number and compactness of the shipping lines, the new transport forms, and the most modern transshipment techniques is considered to be exemplary in Europe.

#### Problem of Track-Gauge Adjustment

The Schleswig-Holstein ports, which are being purposefully expanded with private and public funds are, of course, profiting from this boom. The by far greater part of the goods flowing from the federal republic and the states of the European Community and proceeding to Scandinavia is being handled via the northernmost state of the FRG. Whereas some of the other German ports are suffering bitter losses, the Baltic Sea ports can point to considerable rates of growth. Luebeck alone has a monthly total of 40 to 50 departures for seven Finnish ports. From Kiel there are daily connections with Oslo, Goeteborg, and Bagenkop (Denmark). Polish and Finnish ports are also being serviced. The rapid development is continuing: new ferries and railroad ferry connections with Scandinavia are either being planned or are already under construction, including a "jumbo ferry" to Goeteborg as of 1985, and an additional railroad ferry to Sweden. Referring to the planned German-Soviet connection, the Kiel ministry for economic affairs stated that this project shows that "in view of the increase in the sphere of roll-on-roll-off transportation and for environmental and energy reasons railroad ferries have a promising future."

It is possible that this fact may also have been realized by the Soviets, who are always concerned about economic expansion. They are already in the process of installing a railroad ferry connection between Klaipeda and Mukran on the island of Ruegen (GDR). Their concept concerning the planned new connection with an FRG Baltic port calls for initiation of such a transport system by a

joint German-Soviet service with a 50:50 participation ratio as early as 1985/1986. Kiel is apparently being preferred as the official location for it. Initially it is planned to use two, and later four railroad ferry boats, each of which can carry 75 railroad cars of 60 tons each. In addition, discussions are under way concerning the construction of the ferry boats (approximately DM 120 million each) to be carried out at German shipyards.

The entire investment volume is estimated at more than one billion marks, which sum is bound to be tempting for a minister for economic affairs who is intent on the creation of jobs and economic activity. Schleswig-Holstein's head of government Uwe Barschel proceeds from the assumption that such an investment alone is "politically valuable for economic and business considerations." He feels that from a continuing operation of such a ferry connection there emanates a considerable "impact effect." However the Russians, who otherwise were entirely willing to make concessions, refused to give in with respect to one point: the track-gauge changing installation for the railroad ferry connection from Klaipeda, which is necessary because of the different track width, is to be located in German territory. There exist a number of assumptions and speculations concerning the reasons for this Soviet wish which on the face of it is substantiated with "organizational problems." They have to do with FRG security considerations and became clear only in the further course of events.

When Juergen Westphal returned from Moscow on a Sunday in June, he immediately wrote extensive reports to the federal chancellor and to the federal minister of transportation which were presented in Bonn two days later. Westphal had a cogent reason for this rapid action. It was a reasonable assumption that on the occasion of his visit to Moscow in early July the federal chancellor would bring up the matter of the ferry project for discussion. After all, Uwe Barschel had asked him expressly to bring this matter up in Moscow and to "push" it, because "interest in this matter exists on the Russian side as well as on ours." According to Barschel, Kohl promised to do so.

The federal chancellor, however, did not say a single, solitary word about this project in Moscow. Apparently some "security considerations" were presented to him prior to his trip which caused him to exercise restraint in this matter. It is not known from whom these misgivings came.

But Peter Kurt Wuerzbach, state secretary in the federal ministry of defense, intimated shortly before Kohl's trip that the Soviet Union would through this ferry connection be given "an additional maritime supply capacity which it could use for by-passing via its own supply routes such areas as Poland, the GDR, and the CSSR, which might possibly become unstable." He also said that, in addition, this would provide Moscow with further possibilities for espionage and subversion. Wuerzbach also pointed out that the use of ferry-boats would automatically drive a number of German freighters which are currently handling the transportation of freight into such financial straits that a breaking-up process would have to be expected so that these ships would not be available to the federal republic in situations of tension.

But it was not so much his consideration for parochialism, spiced with at any rate only generally formulated advice on security policy which caused the

federal chancellor to keep silent in Moscow. There exist more massive mis-  
adventures. There is now circulating in Bonn a paper prepared by military ex-  
perts of the navy in which, among other things, the following is stated:  
"Practically at a time when NATO is engaged in efforts to find possibilities for  
balancing out the enormous conventional superiority of the East, such a project  
undermines all such efforts by practically allowing the Soviets to land troops  
from Asia directly on NATO territory through bypassing unstable satellite  
states." It further states that, in addition to the Memel-Lukran connection on  
Russia, the Soviet Union would thereby create for itself an "additional runway  
across the Baltic Sea," that the ferry-boats were capable of transporting a  
motorized infantry regiment and that, in a war situation, the supply capacity  
of the Soviet Union would be "expanded considerably."

### Fear of Espionage

Military strategists have also taken into account the fact that with the ferry  
connection and the track-gauge change-over carried out in a German Baltic port  
the Trans-Siberian Container Line (TSCL) could be extended into the federal  
republic. The consequence of this would be that the distance from Europe to  
the Far East would be reduced to approximately 13,000 kilometers from the ap-  
proximately 22,000 kilometers via the Suez Canal. Four ferry-boats on the  
Klaipeda-Kiel route would be in a position to take over Hapag Lloyd's con-  
tainer share in the East Asia service (135,000 units) and thus to force a  
"considerable crowding-out competition" on the western merchant ship tonnage,  
which in turn would mean the giving up of merchant ship tonnage in a crisis  
situation. A Hardthoehe spokesman in Bonn whose province also includes mili-  
tary strategy in the NATO sphere has made the following statement: "One simply  
must realize that each project which is apt to involve the western merchant  
fleets in further difficulties and consequently to reduce their maritime  
transport capacities is questionable in every respect from the point of view  
of security policy."

The military-strategic misgivings focus particularly on the Soviet desire to  
set up the track-gauge changeover in a German Baltic port and not in their own  
territory at Klaipeda. Military experts are of the opinion that "ideal prere-  
quisites for spying, information gathering, and subversive observation" are  
thereby presented to the Russian intelligence service. As proof of the fact  
that the Soviets make use of such possibilities one adduces the example of the  
Transworld Marine Agency Company in Antwerp, which was founded there by the  
Soviets in 1970 for the processing of their merchant ships. This enterprise  
had been involved in diverse espionage affairs. The expulsion of the co-founder  
of this firm by Belgian organs for espionage activities also showed clearly  
that this agency "carried out intelligence-gathering activities under a com-  
mercial cover." What bothers the military strategists the most is the fact that  
the track-gauge changeover installation in Kiel -- if it were in fact to become  
the terminal port -- is to be located directly between the arsenal of the  
federal navy and the Howaldt Werke - Deutsche Werft AG. In such a case the  
navy would no longer be able to do any of its electronic testing and would have  
to relocate its arsenal, which would hardly be in line with Schleswig-Holstein  
interests. In substantiation of this, the navy spokesman said: "After all,  
the 'comrades' can record and analyze everything if they are sitting only 50  
meters away from us."

Minister for Economic Affairs Westphal, who does not consider himself to be a strategist, nevertheless "finds it hard to understand" why this project should be so dangerous. For, if that is the case, then in his view the enormous expansion of the Baltic sea ports should not have been permitted, nor the construction of the Hamburg-Berlin autobahn, inasmuch as one was speaking of a "runway" for military purposes. And he considers pure nonsense the argument that the track-gauge changeover facility on German territory would, as it were, present to the Russians an enclave from which they could freely engage in espionage in the Baltic area.

Westphal points to the many Soviet firms and trade missions in the north of the federal republic and to the fact that approximately 8,000 Soviet ships alone pass through the North Sea-Baltic Sea Canal per year, not to speak of the Russian ships which are being built or repaired in German shipyards. The Soviets did not need any new ferry line to find out what is happening in Kiel or Luebeck.

"I know cheaper ways to commit espionage," is Westphal's comment. Nevertheless he concedes that he "has an open mind," and says that Schleswig-Holstein will not pursue the project any further "if there are really serious and reasonable political and strategic misgivings." Now it is Bonn's move.

8272

CSO: 3620/89

## PROSPECTS, LOSS OF JOBS IN AUTOMOBILE INDUSTRY

Hamburg DER SPIEGEL in German 7 Nov 83 pp 73-75

[Text] Richard Heller, chairman of the plant advisory committee at the Opel Works in Ruesselsheim, chose his moment well. No sooner had the IG-Metall Congress finally decided to fight for the 35-hour week than he moved to put his followers in harmony with the union objective, using internal figures.

In a circular, Heller informed the Opel workforce of management's plans to do away with 12,000 of the 60,000 jobs at Opel in the next 5 years in an economy move. The union member's conclusion was that even worse unemployment could only be avoided by shorter working hours.

Since Heller had already made a start, he completed the work of his colleagues in other German automobile companies as well. "Other manufacturers," Heller said, "have similar plans ready in the drawer."

It is true. A few days after Opel, the managers of Volkswagen had to admit that 13,000 jobs are to be eliminated by 1987 in their domestic factories. And the Ford Works in Cologne, which has reduced its workforce since 1979 by 9,000 to 50,000 workers, plans to cut several thousand jobs again in the next few years.

The plans of Opel, VW and Ford make it clear that even the automobile industry --one of the few industries in which there is currently an upswing--can contribute nothing to reducing unemployment. To the contrary: The showpiece branch of German industry, on which every 15th job in the FRG is directly or indirectly dependent, will swell the army of the unemployed in coming years by the tens of thousands.

This trend has been emerging in the automobile industry for a considerable time. The automobile, an invention of the 19th century, is encountering the limits of demand. At least in the wealthy industrialized countries market saturation is predictable.

Automobile production in the FRG is unlikely to rise above the current annual production of 3.5 to 3.9 million vehicles. And it is likely to become increasingly difficult for the individual companies to sell these cars. The better the clientele is already provided for, experience shows that the fight for orders is all the harder.

The expected sharper competition will affect the manufacturers of luxury cars like Daimler-Benz, Porsche or BMW less. And even if car buyers hardly increase in total numbers, these companies can look forward to continued growth for the foreseeable future: Now as before, many drivers switch to larger and better equipped vehicles when they buy a new car.

In addition, these south German firms are largely removed from hard price competition. They have succeeded in endowing their product with an aura which makes the price of secondary importance in the decision to buy.

Mercedes, Porsche, BMW and even Audi, which has been successfully imitating the product and marketing strategy of the luxury car manufacturers for a good 2 years, have no intention of reducing their workforce in automobile production. Quite the contrary: at the beginning of 1984, Daimler-Benz will put a new factory into operation in Bremen, with 2,000 jobs to start with. Starting in 1986, BMW will employ 3,500 workers in its planned factory in Regensburg.

The volume manufacturers VW, Opel and Ford, on the other hand, will feel the full force of sharper competition in the coming years. Their stratum of buyers can shift over to foreign manufacturers--the Japanese, Italians or French. These companies will have to calculate much more exactly, because price still plays a quite essential part with small and medium-size cars.

So the pressure to save on personnel costs is more likely to increase. Including fringe costs, a German auto worker earns on the average a good one-third more than his French, Italian or Japanese counterpart. A VW worker was previously able to make up for this in part, compared to his colleague at Fiat or Peugeot, through higher productivity. Now the Germans' wage cost handicap is making itself felt in full in comparison to the highly automated Japanese.

There are only two possibilities for the German manufacturers to compensate for their disadvantage in personnel costs. Either they move their factories to countries with lower wages or they make their domestic factories more economical. Both will cost jobs.

Until now the automobile companies have put their money mainly on greater efficiency. VW in Wolfsburg half a billion marks for a highly automated assembly line for the new Golf. Ford is totally renovating the home factory in Cologne-Niehl for DM 1 billion. In a few years production there is to be almost totally automated.

The automatic machines and robots do not become tired or fall ill, they do not make mistakes, are not in a union and do not want cigarette breaks. On the average they replace four workers, at some later time, when they can also be able to feel and see, it is said it will be up to 10 workers.

According to the ideas of German automobile managers, these jobs will not be lost through dismissals, they will be gradually eliminated. Workers leaving will not be replaced, older workers, 58 or 59 years of age, will be pushed into retirement prematurely with gentle force and generous settlements.

This would affect not just those who have a job. It would affect everyone who is looking for employment: no future for school leavers in Ruesselsheim or in Wolfsburg.

Trade unionists like Richard Heller believe they can avert the loss of jobs principally by shortening the weekly work time. The argument, which is difficult to refute, runs that just shorter working times could prevent more and more jobs being lost in a time of stagnating sales and growing efficiency.

The automobile managers fail to see this kind of logic. Shortly before his death the head of Daimler-Benz, Gerhard Prinz, elevated the decision about the 35-hour week to the rank of a "fateful question." The 35-hour week, with full wage compensation, Prinz warned, would only "intensify the handicap we already have in worldwide competition": high personnel costs. It was only a "dead end street, at the end of which there only be a high, unscalable wall."

BMW head Eberhard von Kuenheim even threatened to escape abroad. On the day following the introduction of the 35-hour week, according to the BMW boss, construction of the new BMW factory in Regensburg would be "halted." More favorable locations abroad would "be reconsidered" for the factory which is to provide work for 3,500 persons.

Apart from threatening gestures of this kind--both sides are probably right, trade unionists and managers: without a reduction of working hours the robots and the computers in the automobile factories will devour more and more jobs. But if the costs of the shorter working times were to exceed the gains in economy and if automobile production in Germany became even more expensive--then even fewer jobs would be left in the end in Wolfsburg or Ruesselsheim.

9581

(SO) 3620/87

## TRADE TALKS WITH USSR COMPLETED: RUBLE REMOVAL FROM BASKET

## Trade Imbalance Still Next Year

Helsinki HELSINGIN SANOMAT in Finnish 29 Oct 83 p 37

[Article by Mikko Eronen: "Next Year's Barter Agreements Were Negotiated in Moscow. Still an Import Deficit of Billion Marks Next Year"]

[Text] Finland should still find imports from the Soviet Union worth 100-150 million rubles, which is roughly one billion marks, to be included in next year's barter agreement in order to balance the agreement.

This was told by Assistant Secretary of State Ake Wihtol in Moscow on Friday after a week's negotiations.

In addition to next year's barter agreement, the following 5-year agreement was being prepared and Finland's natural gas imports were also discussed during the negotiations.

The total value of the barter agreement for this year is more than five billion rubles.

"Additional imports are being sought, within chemical industry along with others. We asked for more timber, mostly pulp, and we were given a hint that we might get it," said Wihtol.

## No Comments on Port Project

The most topical target in trade between Finland and the Soviet Union is the port project in Tallinn on which the final decision has been expected for a long time. Wihtol said that the Finnish negotiators had asked directly what the present status of this project was, but no new information was available.

Finland's worst competitor is the Swedish JCC [Johnson Construction Company] corporation. Last week also Sweden's trade commission was in Moscow to negotiate about developing the economic cooperation. The leader of the Swedish commission, Carl Johan Aberg, said Wednesday that the decision on the port project in Tallinn will be made in the near future.

The Finnish companies bidding for the port contract are Baltic Port Group, which includes Haka, Polar and Puolimatka, and Portal Group including Petruskytymä, YIT, Vesto, Vesi-Pekka, and OMP corporation, along with Lemminkäinen Oy and Insinööritoimisto Bertel Ekengren.

Even before, trade between Finland and the Soviet Union has been balanced by means of oil trading transactions. In other words, Neste has purchased either Soviet oil or oil imported from a third country by the Soviet Union, and then it has traded that on the Western markets. This possibility is under discussion, as far as next year is concerned. However, no decisions have been made yet.

So far the negotiations regarding next year's barter agreement have practically focused solely on Finland's imports from the Soviet Union. During the following round of negotiations, also Finland's export quotas will be brought up.

The bilateral barter agreement for 1984 is scheduled to be signed in Moscow in December.

#### Flexible Ruble Means Risks for Firms

Helsinki HELSINGIN SANOMAT in Finnish 29 Oct p 37

[Article by Antti Blafeld: "Ruble's Exchange Risk Has Been Transferred to Firms: Exporters to the East Are Afraid of Exchange Losses"]

[Text] The problem caused by flexible ruble starts to bother more and more firms involved in trade with the East. As no one quotes forward exchange rates for rubles in Finland at the present time, it means that all exchange risks will be transferred directly to the firms.

As of now, the problem is not very topical, but the finance managers of the companies involved in trade with the East are facing next year with fear as the structure of the following 5-year agreement starts to take shape. Next year several ship contracts, whose value is hundreds of millions of marks, will be completed. When the purchases are this big, also the exchange risks are huge.

"It is clear that there has to be a way for the companies to somehow protect themselves against exchange changes," says the finance manager of a big export firm in eastern trade. He wants to be a spokesman only for the entrepreneurs in this field without using the company's name or his name since "the discussion about the matters related to trade with the East is so touchy." The same reservation is applicable to all entrepreneurs.

Now the firms have to deal with a twofold exchange risk. First of all, the ruble has become slightly devalued over the past few months. The devaluation has been around 2.5 percent. This trend may continue, especially if the dollar starts going down, for the share of the dollar is 42 percent in the currency basket of the ruble.

### New Basket for Ruble?

There is, however, a far worse risk that Moscow decides to change entirely the basis for determining exchange rates for the ruble. The general estimate is that the ruble is overrated, and even in Moscow there might be some interest in rectifying this overestimation. One of the reasons could be the fact that overrated ruble means excessive prices in ruble rate imports and exports.

Both experts in eastern trade and those in currency transactions think that it is fully possible that the Soviet Union decides to change the basis for valuing the ruble to a more realistic level. What they all have in common is that no one knows. That is also the biggest risk.

The big companies within eastern trade are preparing their quotations for the Soviet Union, and this will continue till next year. The fear of exchange risks shows also in pricing. The companies have to add to the prices a risk margin which did not exist before. It increases the price and thus weakens the competitiveness of the construction contracts and the ship bids.

All of the finance directors that were interviewed found it clear that the new exchange risk has to be taken into consideration when fixing the prices.

It is true that the payment system in eastern trade decreases the exchange risk. Trade is very finance-oriented, in other words, the exporter receives big advance payments already on completion of the transaction, and payments flow very abundantly into Finland during the contract.

### Bank of Finland Estimated Wrong

The Bank of Finland stopped quoting forward exchange rates for rubles in May, based on the fact that it does not quote forward exchange rates for any other currencies either. According to experts, the real reason was that the Bank of Finland was afraid that the ruble would start going down, and then the Bank of Finland would have been forced to cover the resulting exchange losses. So far the ruble has been going up, and therefore, also the Bank of Finland has made profit by quoting forward exchange rates. To quote the forward exchange rates means that the one who does it, for instance, the Bank of Finland, promises to redeem rubles at an agreed exchange rate after an agreed period of time, for instance a year.

The Bank of Finland imagined that quoting forward rates for rubles would not cease, but that the commercial banks would be in charge of that. However, they did not agree to do that.

The commercial banks justify their refusal by the fact that the risks caused by quoting forward rates for rubles cannot be covered. According to the commercial banks, they cannot be covered since the ruble's currency basket may change any day.

The commercial banks are also referring to the fact that the export volume to the East is so huge, almost 20 billion marks, that under the present circumstances, they cannot afford to cover its ruble transactions.

The commercial banks and the Bank of Finland should now appoint their own directors," demands a financing director.

The major activity of the commercial banks will put pressure on the commercial banks in order to make them take care of quoting forward rates for rubles," predicts an expert in foreign trade. "We will not do that," asserts a commercial banker.

Up to now the firms have protected themselves against ruble's exchange risks by quoting forward rates for those western currencies which are included in the ruble basket. This kind of covering will certainly become more common unless somebody starts quoting forward rates for rubles. However, this is applicable only to the big companies. The small firms involved in eastern trade have to take exchange risks without any protection.

#### Transactions in Dollars Being Rejected

One way to solve this problem would be to make the deals in dollars and to agree that the payments would be tied to the exchange rate for dollar at the time, but the ruble would still be used as a tender. This is how Nyrte takes care of its oil transactions with the Soviet Union.

"Technically this would be a solution to our problems, but it is already a political issue by its very nature," says one financing director.

"Psychologically and politically it is not acceptable," says a bank official.

"It would be a step towards trade with free currencies, and that is not what we want," says another financing director.

Also in the Soviet Union the problems in trade between Finland and the Soviet Union are actively discussed. Lately the Finns have had to respond on several occasions to the Soviet inquiries on how trade could be developed. In this question the Finns have sensed not only positive politeness but also concern.

#### Paper Comments on Change for Ruble

(Helsinki) HELSINGIN SANOMAT in Finnish 1 Nov 83 p 2

[Editorial: "Exchange Risks for Ruble Must Be Evened Out"]

(Cont.) To be able to balance trade between Finland and the Soviet Union next year requires that we still "find" additional imports worth approximately one billion marks from the Soviet Union. This estimate was given by Assistant Secretary of State Ake Wihtol after the first stage of the barrier talks. They focused especially on finding import possibilities for Finland.

On the other hand, the development of Finnish exports in bilateral trade depends, above all, on how we manage to increase our imports. However, exports now involved new kinds of problems. The most significant of them is the fear of exchange losses among exporters. Now they have to be

responsible by themselves for the changes in the ruble's exchange value as the Bank of Finland as well as the commercial banks have refused to quote forward exchange rates for rubles.

The Bank of Finland ceased quoting forward exchange rates for rubles last spring by referring to the fact that it does not do that for any other currencies. Nor did the commercial banks want to assume the big exchange losses. In consequence, the companies involved in trade cannot transfer the risk to others. For them the dangers are increasing both in exports and imports.

The exporters try, if possible, to cover the exchange loss by increasing their prices as far as quotations are concerned. This in turn weakens their competitiveness and possibilities to get purchase orders from the Soviet Union. In no case should the entire risk be left to the companies involved in trade and to those taking care of project exports. At present, the financial flow coming from trade with Soviet Union totals almost 40 billion marks. The exchange rate for rubles may vary very unexpectedly.

The removal of rubles from the currency basket at the beginning of next year will not decrease the confusion among the companies. On the contrary, they will start dreading exchange losses even more. It is true that the change with regard to the currency basket has caused speculations abroad about changes in the exchange value of the Finnish mark.

In Finland we cannot, of course, influence how the Soviet Union will price its ruble in the exchange markets. To tie the payments to some other currency, like Neste does in its oil trade with the Soviet Union, is probably difficult too. Apparently the only possibility that is left is to split the exchange risks as it is done in western trade.

Our trade with the Soviet Union is so big and to such an extent different from trade with exchangeable currencies that when it comes to controlling risks, it also requires exceptional procedures. That is hardly possible without active involvement of the Bank of Finland.

The Bank of Finland cannot evade its responsibility, and also the commercial banks have to participate in evening out exchange risks. The necessary preparations must be negotiated under the leadership of the Bank of Finland. Our trade with the Soviet Union, which is extremely important to our entire national economy, might suffer unnecessarily if the companies involved in trade are left on their own in the middle of exchange risks.

All possible means are now needed to maintain the level we have reached in trade with the Soviet Union. A balanced control of exchange risks is one of the most important among them.

#### Paper on Gas Imports from USSR

Helsinki HELSINGIN SANOMAT in Finnish 2 Nov 83 p 2

[Editorial: "The Price of the Environment"]

[Text] In order to balance trade between Finland and the Soviet Union, methods have been sought most recently within energy production. The possibilities offered by it must be taken into account recalling that the effects of the proposed actions cannot be evaluated until the 1990's. However, it is a question of sums which, in the long run, will not significantly fill the import gaps.

The requirement for an increase in natural gas imports is competitiveness which the energy-consuming Finland cannot ignore. It is a completely different matter whether a higher price can be accepted for natural gas on other grounds, for instance, by referring to its environmental assets. Among others, Minister of Trade and Industry Seppo Lindholm has referred to the "environmental price" of natural gas, which should be taken into account when making decisions.

On the other hand, the extension of the gas pipeline is linked to the power-plant issues in the Helsinki and Tampere areas. The energy company of Helsinki has, however, based its opinion on statistics according to which natural gas is too expensive for city heating. A cheaper alternative is coal on which also the future plans have been based.

Finland has, however, made an initiative with Sweden and Norway to other European countries to reduce sulfur releases. A typical source of sulfur pollution is a power plant burning coal in particular. Since Finland, as an initiator, is obliged to act according to its spirits, the "environmental price" of energy requires a prompt definition. The decision on the power plant in Helsinki will be made within a couple of years.

12190  
CSO: 3617/33

ROMANIA

GREECE

#### EXPANSION OF TRADE WITH ROMANIA

Athens MESIMETIKI Greek 9 Nov 81 p 8

[Text] Yesterday the Under Secretary of the National Economy Mr. Ant. Georgiadis declared that the trade relations of our country with Romania are expanding and that some pending financial matters are being settled. The Under Secretary mentioned that we have a significant credit balance with Romania but that the volume of trade with this nation has dropped in the last few years.

During the recent meeting of the Bilateral Committee of Deputies it was decided that in 1984 Greece would import from Romania fertilizers and chemical products worth \$25 million, lumber worth \$20 million, sheet-iron for ship building worth \$10 million, tractors worth \$4 million, cars worth \$5 million, a drilling rig for the OEP [Public Petroleum Corporation] worth \$2.3 million, 5 helicopters for the needs of the Ministry of Health and Social Welfare, 50 trucks and 10,000 tons of aluminum. The total cost of the imports will amount to \$95 million.

Greece will export to Romania fire-resistant materials, undressed hides and agricultural products, worth \$45 million. The Romanians will repay to the public sector debts of \$16.5 million and they will grant Greece another 500 transit permits for Greek trucks crossing its territory, that is to say a total of 1500 permits.

Finally, it was decided that the Romanian side would arrange payment of debts to Greek enterprises from exports and chiefly freight debts. The freight debts are already being paid. The Romanians have also agreed to improve the living conditions of Greek students in their country and, above all, to speed the conversion of remittances to them from the Central Romanian Bank.

12/18

CSO: 3521/93

## TECHNOLOGY TRANSFER BILL CREATES BUREAUCRATIC SNAGS

Athens 1 (EADYNI) In Greek 9 Nov 83 p 15

[Text] The nation's current legislation on the protection of industrial property is not conducive to the transfer of technology. This is what the representatives of the International Association for the Protection of Industrial Property Messrs. Vincent and Bruner emphasized in the presence of the President of the Greek group, Mr. V. Ntados.

It was mentioned, in particular, that the legislation in force dates back to 1920 but also that the bill prepared by the Ministry of Research and Technology not only fails to solve the existing problems but will doubtlessly create new ones with its complexity and the bureaucratic procedures it imposes.

It was also mentioned that although the Greek side, according to information obtained, intends to endorse the European Agreement on Patents the bill is totally contrary to it.

It is at least peculiar, Mr. Bruner stressed, that while a modernization of Greek legislation is being attempted no effort is made to harmonize the legislation with the European Agreement to which West Germany, Great Britain, Luxembourg, Austria, Holland, Sweden, Belgium, Switzerland, Italy and Lichtenstein already belong.

The existing situation, but also the one which is taking shape with the new bill, limits the prospects of technology transfers by ignoring the great value of patents and by creating artificial administrative obstacles.

It is worth noting that the International Association for the Protection of Industrial Property is the largest private international organization in the field of industrial property which includes patents, logos, industrial designs and the laws on unfair competition. It has 5700 members from more than 70 nations, most of whom are organized into National or Regional Groups.

12278

CSO: 3511/93

## BUDGET BILL FOR 1984 AIMS AT CUTTING INFLATION, TRADE DEFICIT

Reykjavik MORGUNBLADID in Icelandic 26 Oct 83 p 2

[Text] The chief goal of the investment and loans plan for 1984, which was presented to the Althing yesterday, is to limit foreign loans as much as possible, and "to manage public and private investments in such a way, that the combined effect will be a tolerable balance in trade with other countries and a continued decrease in inflation throughout next year."

It is anticipated that business investment will decrease some 6.2 percent in 1984. Importation of fishing ships will not be allowed, except for two 270-ton ships from Poland which were negotiated for recently. No growth is anticipated for the aluminum plant or the silica plant in Reydarfjordur, but an asbestos plant is anticipated to begin operation at Sandarkrokur.

Public works and public constructions will decrease approximately 9.8 percent; electric energy production will decrease approximately one-third. The largest project of the National Energy Works in 1984 will be the Kvisl project. Heat production will be mostly produced by Reykjavik Heat Services. Investment in transportation facilities will increase approximately 5.9 percent. Construction will continue on the new airstrip at Keflavik; groundbreaking began there this fall.

Supplementary investments in apartment housing are anticipated for 1984 and 1983.

The investment and loans plan for 1984 is based on the same pricing, salary and exchange rate figures as the budget bill--that is, a 6 percent increase in salaries from the beginning of the year to mid-1984; plus a general price increase of approximately 4 percent with an increase in the foreign currency exchange rate of approximately 2 percent, calculated by the same method. This means that an average price increase of 22 percent is anticipated from 1983 to 1984, measured against the construction costs index.

Long-term foreign loans will amount to 32,000 million kronur by the end of 1983, at the year's average exchange rate; this corresponds to 60 percent of the gross national product. The burden of payment for these debts for 1983

amounts to 21.4 percent of our national export income. Payments on these loans are anticipated at 3,160 million kronur for 1984. For the purpose of keeping the currency situation as constant as possible relative to the gross national product, plus balancing the anticipated trade deficit, a new loan requirement is anticipated at 3,600 million kronur.

Domestic revenue, according to the financial loan plan for 1984, will mostly be generated from sales of bonds issued by the social security fund, which are designated for 40 percent of the annual management expenses; plus national treasury savings certificates; new bond issues resulting from national treasury and housing loans; as well as sales of bonds issued by banks.

9584

CSO: 3626/4

## PAPER SUPPORTS 1984 BUDGET BILL GOALS

Reykjavik MORGUNBLADID in Icelandic 29 Oct 83 p 20

[Editorial: 'A Temperate Budget Bill']

[Text] The investment and loan plan and the national economic plan for the coming year have been presented, and an accompanying budget bill has been presented--for the first time in some years. The government balance sheet for the past year was also made available. These actions are exemplary, and necessary, making it possible for the MPs to have the entire picture of the conditions and trends in government financial matters.

The bill itself is based on actual figures from the government balance sheet and on an economic development program which is based on the current government's clearly demarcated economic policy. The 1983 budget, on the other hand, was based on a prepared "calculation," or 42 percent of the anticipated price increases plus double inflation. The result was a 1,200 million kronur payments deficit for the national treasury for 1983.

This is a temperate budget bill. Economic freedom of movement in the national budget will be minimal. It will not be possible to increase foreign debts, nor overdrafts in the Central Bank, nor, lastly, taxes collected from companies. Our only possible course is to pull in our sails in the government budget. This is the essence of what Albert Gudmundsson said in his introduction to the budget presentation discussion.

The three chief goals of the budget bill, and the investment and loan plan, are as follows: 1) to decrease inflation and the trade deficit; 2) to make a budget that is manageable, feasible, and an effective economic tool; and 3) to decrease the share that the government budget takes of the national income.

Anticipated taxes collected for 1984 will decrease as a percentage of the national income, from 30.2 percent in 1983 to 26.8 percent in 1984. This percentage drop corresponds to 2.2 billion kronur. Direct taxes were lowered this year; child benefits and personal deductions were raised. This meant that the income tax of individuals rose only approximately 39.8 percent from 1982 to 1983, while salaries rose 59 percent. Without these measures, income tax would have increased approximately 55 percent.

A considerable number of foreign loans will be feasible in 1984; long-term foreign loans by the end of the year will amount to 60.3 percent of the gross national product. The burden of payment will cut down the national export income by one-fourth. According to the loan plan, foreign loans taken out will amount to 1,730 million kroner less in 1984 than 1983.

The Government has approved that the savings by government agencies in 1984 will correspond to 2.5 percent of the actual value in salary expenses, and 1 percent of the actual value in other operating expenses. These allocations will be followed under strict supervision, according to the government plan.

There has been successful cooperation between the government and the Union of Icelandic District Associations concerning particular economic retrenchment measures in public management for 1984. In preparation for this, particular sacrifices will be placed in this regard which will be made known soon, according to the minister of finance.

The minister of finance urged the parliament and the nation to keep clearly in mind the serious situation which the Icelandic national and governmental budgets are in, and to support the main aspects which have significant effects on our nation's attempts to work its way out of its difficulties in a serious and responsible manner.

Despite the decrease in capital gains there is no reason to fear unemployment next year, said the minister, providing unexpected problems do not occur in the nation's business activity.

In the concluding section of his budget speech, the minister said:

"The government will place much emphasis on job security, and will monitor carefully developments in the labor market all over the country, so that it will be possible to take supportive steps at the proper time, if it is necessary."

AMC  
CSC: 8/26/84

## EXPORT OF INDUSTRIAL GOODS SHOWS LARGE INCREASE

Reykjavik MORGUNBLAÐID in Icelandic 13 Nov 83 p 48

[Text] Icelandic exports increased approximately 9 percent during the first nine months of this year--250,323.4 tons were exported, compared with 274,763.2 tons for last year. [Figures show a reverse trend from the one described (a higher figure for last year than this year), but they exactly duplicate the figures for marine products alone which appear in [unintelligible]]. Value increases on exports from last year to this year has increased some 136 percent--13,329.4 million kronur compared with 5,656.9 million kronur. The increase on the average exchange rate of the dollar during the same time period was 113 percent.

What is particularly noteworthy in the export figures is that exportation of industrial goods is approximately 60 percent higher for the first nine months of this year than for the same time last year--184,046.1 tons, as opposed to 114,810.8 tons. Value increased from last year to this amount to some 217 percent--1,543.2 million kronur as opposed to 1,213.4 million kronur.

Aluminum and bauxite account for some 45 percent of the industrial goods exported. The increase in exportation of aluminum and bauxite during the abovementioned time period has been approximately 93 percent--82,353.0 tons as compared with 52,842.2 tons. The value increase from last year to this year has been some 360 percent--2,327.7 million kronur as compared with 541.7 million kronur.

Exports of marine products decreased approximately 9 percent during the abovementioned nine months, during which 250,323.4 tons were exported, compared with 274,763.2 tons last year. Value increase on these exports, on the other hand, came to 131 percent, or 9,246.4 million kronur as compared to 4,407.7 million kronur.

In conclusion it should be mentioned that the exportation of agricultural products decreased some 3 percent during the abovementioned time period, during which 4,113.5 tons were exported, compared with 3,948.7 tons last year. Value increase from last year to this year was only about 73 percent--112.7 million kronur as opposed to 64.7 million kronur.

## ALMOST HALF OF BUSINESSES REPORT INCREASE IN PRODUCTION

Reykjavik MORGUNBLADID in Icelandic 26 Oct 83 p 32

[Text] In a study conducted by the League of Icelandic Industrialists in September, involving 39 industrial corporations in all branches of industry, it was revealed that a large percentage of our industrial corporations have increased their production and sales in the course of the first eight months of this year, when compared with the same time period last year. Forty-six percent of the companies have increased their production when compared with last year, one-third of the companies have maintained the same production level, and 21 percent have produced less this year than last year. These figures were provided to MORGUNBLADID yesterday by Viglundur Thorsteinsson, chairman of the League of Icelandic Industrialists.

Thorsteinsson said that the figures were similar as regards sales by these companies, though a little more favorable, indicating that the companies were successful in selling their products: 49 percent showed more sales than last year, 30 percent sold the same amount, and 21 percent sold less than last year.

As regards the share of the market held by these corporations, compared with imported goods, 57 percent of the companies showed an increase in their share of the market compared with the same time period last year, 32 percent showed the same share and 11 percent showed a decrease. Thorsteinsson said that this corroborated the theory of the League, that Icelandic industrial goods were increasing their competition with imported goods.

As regards future trends, Thorsteinsson said that some 30 percent of the companies anticipated needing to hire more employees in the months to come, while 70 percent expected to keep the same amount of employees; none of the companies anticipated having to lay people off.

As regards exporting companies, Thorsteinsson said that 32 percent of the companies had increased production and sales, 60 percent had remained at the same level and 8 percent had fallen lower than before.

Viglundur Thorsteinsson said that the study revealed that there was general growth in all branches of industry except in the clothing industry and in companies which produced goods used in fishing. But conditions were such in the clothing industry that the companies which showed actual development and market activity were working on increasing production and sales.

9/84

CSH: 36/6/4

## RAPID COMMENTS ON UNEMPLOYMENT PROBLEM

Reykjavik MORGUNBLADID in Icelandic 10 Nov 83 p 24

[Editorial]

[Text] Registered days of unemployment in the past month of October numbered 14,600, which means that 676 persons or 0.6 percent of all employable Icelanders were out of work throughout the month. Ten businesses related to the fishing industry laid off around 200 workers this month. It is known that a considerable number of businesses connected with this basic national industry are on the edge of disaster on account of poor catches and excessive borrowing costs.

Just two years ago the cod, our number one produce fish, contributed 470,000 tons to the national economy. Marine biologists now recommend a maximum catch of 100,000 tons in 1984 in order to sustain the stock. This scientific fact has a real strangulating effect upon the national economy as a whole.

At the fortieth convention of the National Industrial Association, President Sigurdur Kristinsson remarked:

"Of primary importance is the fact that the difficult position in which the fishing industry and, to be sure, other industries, find themselves affects to a considerable degree other industries which primarily produce goods and maintenance for those industries, such as the metalurgical and shipbuilding industry, construction and contracting, and electrical and electronic industries; in other words the largest contingent within the Industrial Association."

Sigurdur emphasized that, although in places problems were severe, such as in shipbuilding and, in certain locations, construction, there still was no question of an emergency.

We quote the President of The National Industrial Association verbatim: "The economic measures which now have been effected and which I have briefly described are of utmost importance for all Icelandic industry. If the government's declared goal of decreasing inflation is realized not just temporarily but permanently, all projects, public as well as private, will be easier to plan and carry out. As far as industry in particular is concerned, I am compelled as well as pleased to declare that all industrial

firms will enjoy the general benefits resulting from the battle against inflation.<sup>20</sup>

From the above it is evident that if the economic measures of last summer had not been taken in order to decrease inflation and trade deficit, in order to shore up our basic industries, we would today be facing wide-ranging unemployment.

In order to ensure acceptable employment standards and avoid a national economic collapse, a basic tenet must be for the Government's economic goals to succeed. In this instance, not only are political leaders subject to close scrutiny, but also labor negotiators on both sides.

Basic livelihoods, such as fishing and industry, must ipso facto be responsible for any potential increase in the national standard of living. Their success or failure is the entire nation's success or failure. It is by far more propitious for our citizens to band together for victory rather than to battle among the ruins of Icelandic prosperity.

9981

CSO: 3626/3

# UNEMPLOYMENT CONTINUES TO RISE AS BUSINESSES CUT STAFF

REYKJAVIK, ICELAND: 9 Nov 51 p 2

Stock: The Employment Division of The Department of Social Welfare reports a total of 16,007 days of unemployment for the month of October. This is equivalent to 878 persons registered as unemployed at any time during the month, or 5.8 percent of employable work force as estimated by the National Bureau of Statistics. In September days of unemployment were registered as 11,010. Increase is therefore 5,194 or about 27.5 percent. A press release from the Department of Social Welfare states that this increase is mainly due to conditions in the Northern and Southern Districts. There is also some increase in the West Fjords, the East and Reykjavik.

This decrease in unemployment is reported in Metropolitan Reykjavik and the west. "The causes of the increased days of unemployment are mainly work stoppages in the fish factories because of lack of raw material, which results in missed or cancelled fishing tours," the press release states. For the first ten months of this year 231,000 days of unemployment are reported compared to 157,000 for the same period last year and less than 200,000 for all of last year.

During October two businesses reported laying off 195 workers. This does not include seasonal lay-offs in the freezing factories which are not officially reported to the Employment Division.

END

Chal 1020-1

## PAPER SUPPORTS GOVERNMENT AUSTERITY MEASURES

Reykjavik MORGUNBLADID in Icelandic 1. Nov 83 p 16

[Editorial]

[Text] Icelanders are by some considered a quarrelsome nation, capable of disputing anything and everything.

However, after due consideration, most are bound to agree on two things:

1) that the Government's efforts to conquer inflation and trade deficit have produced real results, 2) that we would today be subject to far-reaching unemployment if inflation had been allowed rage on unhindered, a prospect which seemed likely earlier in the year.

One of the Representatives of the Social Democratic Party, Jon Baldvin Hannibalsson, declared in a speech last Monday: "It is also a fact that my Party has, for example, declared its support of the Government's basic tenet to legally abolish our current indexing system..."

True, the Representative attacked some particulars contained in the statute, but his words first and foremost bear witness to the regret felt by many that they weren't able to accomplish the economic "miracle" which is taking place in our nation.

It took strength and courage to bring about this accomplishment. It will also take strength and courage to make it a lasting accomplishment - to ensure an enduring economic stability in our country.

The 1983 catch failure and projected considerable fishing reduction in 1984, according to marine biologists, will reduce our national product next year for the third year in a row by 12 percent of export production, or by 2 billion kronur. That is hardly an advantage for the nation. There is still need for continued conservation - but also renewed commercial development. It is about time for us to start worrying about the future as well as the present.

9981

CSO: 3626/3

## NATIONAL BANK DIRECTOR COMMENTS ON FOREIGN BORROWING

REYKJAVIK TUNGUR IN TIDNINGIN, No. 1, 1983 pp. 95-96

[ATTN: Mr. Anders Baraak: "Foreign Loans"]

[What] During the past year many have feared the imminent collapse of the world's financial systems. Several nations, particularly in Latin America, Eastern Europe and Africa, were unable to reduce their debts according to contracts. For a while it looked like such nations were on the increase and that further grants to countries in their predicament would be refused and loans to other countries reduced. At the same time the largest foreign lending institutions would be severely hurt and suffer great losses of their own funds, and thereby risk loss of confidence, the foundation of all trade. Such a financial crisis would then severely add to the most persistent general depression the world has experienced since the end of World War II.

It is practically certain that this will not come about. Signs of recovery are seen for business conditions in Western countries and Japan, but particularly in the United States of America. Reduction of resources has turned into growth and demands for consumer goods and real estate is on the increase. Increased business investment is expected before long. Inflation is practically a thing of the past, at least among some of the major industrial nations. Interest rates have come down considerably in spite of real interest rates still being relatively high, and oil prices are going down. At the same time common sense approach is evident in the handling of loans to the least developed nations. For some of these nations extensions and new grants have already been negotiated; for others negotiations are either in process or planned. These negotiations depend on powerful measures taken by the nations themselves in order to restore their economy after consultation with both the International Monetary Fund and the World Bank. These international institutions have at the same time increased their participation, and member nations have increased their financial contributions for this purpose. In short of all, when the chips were down international cooperation proved itself willing and able to a degree necessary to prevent major crisis.

Despite this success, attitudes in international financial circles will not be quite the same as before. The past will not be easily forgotten. Fear of renewed inflation will continue and reactions will be immediate if there is evidence of recalcitrance. Real interest rates will therefore be higher than

definitely in the past and interest rates will therefore be comparatively volatile. One can also expect instability of major exchange rates. Economic growth among industrial nations will also be slow, both because of high real interest rates and continuing problems of long-established industries. This in turn influences international trade and economic growth among underdeveloped nations. Foreign loan grants will be much more conservative than they have been during the past decade and interest rates charged by banks in such cases will be higher than formerly. At the same time stricter quality control of financial undertakings should be expected as well as closer scrutiny of the economic management among nations seeking loans.

Iceland has in past years taken full advantage of favorable international financing. Foreign loans have financed considerable increase of the fishing fleet, the construction of power plants and utilization of geothermal energy, and various other public and private undertakings. These loans have been largely responsible for economic growth and increased employment during the past decade. But they have also encouraged excessive increase of the fishing fleet and partly been responsible for injudicious undertakings and for subsidizing losses incurred by various corporations and undertakings. Inflation has therefore undermined savings, and the nation has become ever more dependent on foreign loans.

Iceland has enjoyed favorable international financial conditions and is apparently one of the ten to twenty most favored nations in this respect. There are many reasons for this: The Icelandic state, Icelandic banks, and those municipalities, corporations, and institutions which have taken advantage of foreign loans, have always honored their commitments in good years as well as bad. Export trade is extensive and markets comparatively stable. So far prospects for increased production and export have been bright, particularly when one considers the riches provided by the ocean, and hydraulic and geothermal energy. Iceland's relationship with the other Nordic countries and economic and defensive cooperation with other Western nations have also been important. Experience has also shown that despite at times unfortunate economic management and unforeseen disasters, in the end recuperation has always been managed. Last but not least, foreign loans have been comparatively strict, and terms have been realistic.

Iceland's foreign creditors will inevitably alter their positions in accordance with changes in international financial markets. Offers of credit will greatly diminish. Terms will not be as favorable as in the past, although Iceland should still expect to enjoy its former reputation. Undertakings to be financed are liable to be subject to closer scrutiny than before; so will the credit-worthiness of the financially responsible institutions. Closer scrutiny will also be applied to the nation's economic growth and financial management both by international institutions and foreign banks. These changes might actually be advantageous for Iceland in shoring up a credit policy needed for the nation's own interest.

The increased ratio between Iceland's foreign debts and its national product is well known. So is the increased ratio between the nation's foreign obli-

gations and its export revenues. This increase has naturally been the cause of worry and considerable debate. Without a doubt the total debt and obligation has reached a stage where all caution is advisable. There is a great necessity for a change in credit policy as well as overall economic policy. On the other hand it is wrong to assume that the solution lies in discontinuing foreign loans altogether or to severely reduce them. On the contrary, there is no doubt that continued loans are the only way that Iceland can extricate itself from the selfinflicted dilemma in which it finds itself. Proper utilization of foreign loans and support of the corporations and institutions responsible for the debts are of utmost importance. Support of profitable production, particularly export production, should be the number one priority, along with increased national savings, both individual and corporate. Economic management must concentrate on these goals. With successful management credit-worthiness can stay undamaged and foreign loans can continue to be advantageous in future years.

9981

CSO: 3626/3

## BRIEFS

INFLATION, INTEREST RATES DOWN--Iceland's central bank is reducing overall interest rates on foreign and domestic loans by an average of 4.4 percent, effective Monday. The drop in interest rates is a result of the substantial reduction of inflation in Iceland in recent months. According to the bank's calculations, inflation during September was at an annual rate of about 24 percent. In May, when the nonsocialist coalition government took over, inflation was running at an annual rate of 130 percent. After the interest rates are decreased on Monday, interest on foreign and domestic loans in Iceland will be between 27 and 35 percent. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 23 Nov 83 p 5] 9336

CSO: 3613/50

## STAVE ENJOY DECLINE IN OPTIMISM REGARDING ECONOMIC GROWTH

From AFTENPOSTEN in Stockholm 16 Nov 81 p. 3

[Article by Gunnar B. Israelsson]

[CMA] The latest AFTENPOSTEN and Market and Media Institute barometer of economic conditions points in the direction of some stagnation in economic development. After a very striking upturn from January to May, the barometer of economic conditions shows a slight decline from May to October, from 70 to 68 points. It seems that belief in a continued economic upturn is no longer as strong as it was earlier this year.

This barometer of economic conditions is based on interviews with around 1,200 people. The interviews were conducted in the first part of October. The barometer of economic conditions is figured out on the basis of answers to three main questions concerning price developments, the individual's own economic position and developments in the general economic situation. The replies are weighed 100-100 so that the barometer's results can be summarized in a single figure, just as can be compared from one time to the next.

After an even decline from 74 in January 1981, the barometer of economic conditions reached a low of 29 in January 1981. In May this had risen to 70, while the October barometer registered 68.

Compared with the situation in May of this year, faith in a further decline in the rate of price hikes has been weakened somewhat. Almost 70 percent of those asked now expect unchanged or somewhat sharper price increases. The answers to that question in May were down at 62 percent.

Hopes for a more striking economic upturn also appear to be weaker now than they were in May. While 23 percent of those asked in May believed there would be an improvement of the general economic situation over the next 12 months, the corresponding figure in the October survey was down to 18 percent. At the same time the proportion believing in a weaker economic development rose from 24 to 29 percent.

When it comes to evaluating an individual's personal economic situation, the findings from May to October were relatively stable. The proportion expecting an improvement went down from 23 to 18 percent, while the number that feared a deterioration went from 11 percent in May to 16 percent in October.

Despite a steady decline in the rate of price increases in this country during the current year, the barometer of economic conditions shows that so far there has been no dramatic change in people's expectations of future inflation. As more than 70 percent in all five answers showing that they believe prices will rise more slowly than now, that they will stay about the same or that they will actually fall.

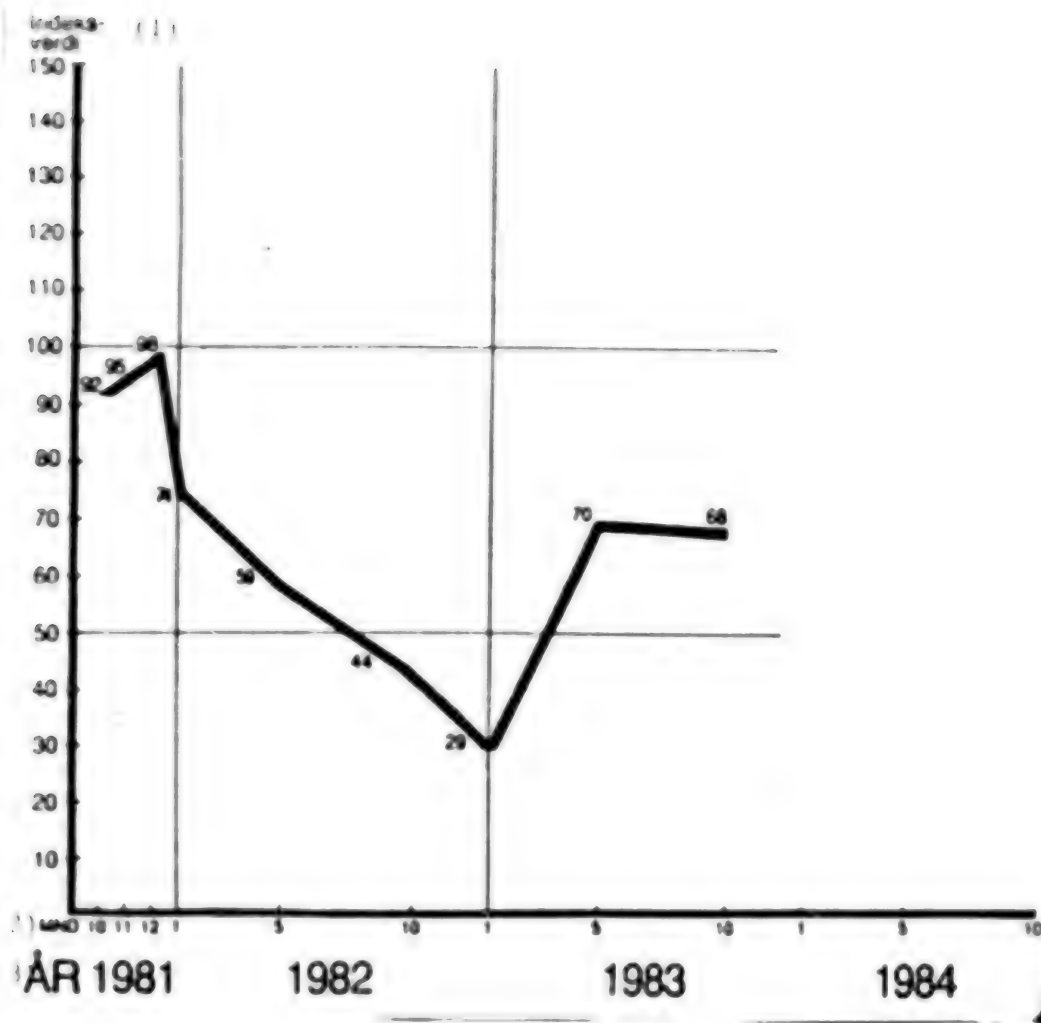
#### Forecast wrong

In 1981, 1982 the barometer of economic conditions responses have not given very reliable forecasts of future developments. In October 1982, 20 percent thought that in the next 12 months they could expect a further increase in the rate of price hikes, while 55 percent expected an increase at about the same level. After some time with moderating price hikes, the number of those predicting a rising inflation rate came down to 7 percent, while 55 percent continued to believe that price developments would remain about the same.

If asked what people regarded the news of the Norwegian economy as negative, some 66 percent of those asked said that what they had heard recently about changes in the Norwegian economy pointed in the direction of a less favorable development. Only 21 percent had received a positive impression of developments in the Norwegian economy from the most recent news. In the May 1982 survey almost 40 percent said the news was more positive than not, while 57 percent regarded the news as negative.

The survey also included a question about how good people thought it was at the moment to buy larger items such as furniture and electrical household appliances. Here a total of 26 percent answered either very good or good, while an almost equally large number answered either bad or very bad.

When it comes to the development of the general economic situation, voters who would vote for the Conservative Party gave a far more optimistic evaluation than almost all other groups. Some 30 percent of Conservative voters believed in an improvement while only 13 percent were expecting the situation to get worse. The corresponding figures for those who said they vote for the Labor Party showed that 9 percent believe in an improvement and as many as 49 percent fear a worsening of the economic situation. Center and Christian People's Party voters also assess the general economic development in a clearly more pessimistic way than Conservative voters.



#### AFTENPOSTEN and Market and Media Institute's Economic Barometer

Hopes for a stronger economic upswing are weaker than they were in May. Most people expect unchanged or somewhat sharper price increases.

Foot:

1. Index value
2. Month
3. Year

#### Great Fear of Unemployment

There is still great fear of unemployment. Even though in the last few months people have seen a slight decline in the number of those registered as unemployed, most people obviously do not expect any decline in joblessness in the longer perspective. As many as two-thirds of those asked in the

barometer of economic conditions survey believed that unemployment will be higher a year from now than it is today.

Pessimism is even more pronounced when people look at the situation half a year from now. As many as three-fourths of those asked replied either that there will be many more people out of work or that there will be more. Only 7 percent thought there will be any decline in unemployment in this period.

If we look at the assessment of unemployment, it turns out that even voters who support the government parties do not really believe unemployment will go down in the next 6 months. Less than 10 percent of Conservative voters believed in a decline in this period. The corresponding figures for the Center Party and the Christian People's Party were 16.2 percent and 6.2 percent respectively. In all three government parties, around two-thirds fear increased unemployment.

Voters for the socialist parties all showed strong fears of increased unemployment. Among voters supporting the Socialist Left Party, as many as 94 percent replied that they fear higher jobless figures. The corresponding figure for Labor voters is 81 percent.

The nonsocialist voters and especially Conservative voters gave somewhat more optimistic replies when assessing the situation a year from now. At that time 25 percent of Conservative voters feel that jobless figures will be lower. The corresponding figures for the Center Party and the Christian People's Party are 19 and 16 percent respectively. But in all three parties there are still over 50 percent who anticipate higher unemployment figures.

6578

OSD: 3649/37

## ANALYSTS EXPERTS VIEW WAGE, PRICE TRENDS AS CRITICAL

OSLO, NORWAY (UPI) — Norwegian 28 Nov 81 p. 29

(UPI by Ole N. Heggem)

OSLO, Norway, 27 Nov.—The implementation and execution of economic policy aimed at averting an unfortunate wage and price development was one of the major issues at the conference arranged in Lillehammer by the central bank. Both director Kjell Andersen of the NBI and Undersecretary Kjell Storvik of the Finance Ministry gave the subject a great deal of attention in their speeches. Undersecretary Storvik stressed that it is the clear aim of the government to bring price increases down to 5 percent next year.

But it seems that wage developments will create greater problems than anticipated. There is no sign of a decline in wage drift in industry. And for the third quarter of this year wage drift was up around 6 percent on the average.

When it comes to the development in wage costs per unit produced, the national bureau estimated an improvement of 5 percent for Norway in 1983. But many recent figures on wage drift in Norway and increased productivity among some of its partners indicate that the improvement will be less than that. Undersecretary Storvik suggested that it could be as low as 2.5 percent.

and costs can be strengthened substantially in the future if we increase our activity both on the domestic market and the foreign market, said Storvik. But at the same time he stressed that the most important thing then is that wage and price formation be determined to a greater extent on the basis of productivity and price developments in large sectors of our traditional economy where costs and competitiveness are very important.

### Industrial Aspects

Recently, Storvik said, we have seen clearer signs that wage costs and the lack of profitability in businesses is not just a problem in the branches previously recognized as being exposed to competition. Changes in communications, new production techniques, relative cost relationships and low

and that the competition has been very high. The competition has been very high.

One of the main reasons for the competition has been the fact that the competition has been very high. The competition has been very high.

#### STOCK MARKET

Director Andersen said that the market return we are now seeing in West Germany will hardly be of the good old kind. The return is having the highest impact in the United States while statements in Europe have been more moderate. But he would roughly characterize the 1980's as better than the 1970's.

The main strength of economic policy in most OECD countries since 1978 has been to straighten out the imbalances that had developed in previous years. But according to Andersen there are many breaking factors left which is why the market opening in Europe is so moderate. Very important in this context is what happens in the United States, which has pursued an expansive fiscal policy. Next year the United States will have a deficit of \$100 billion in the balance of payments. An incredible sum. Added to that is the strength of the dollar. Director Andersen said that the exchange rate of the dollar had gone down, but no one could say definitely when this will happen. There is a possibility that there will be a reaction in 1985.

#### STOCK MARKET

The conference also discussed a number of stock market aspects as well as general economic conditions. Stock exchange commissioner Erik Larve reported on developments for the Oslo Stock Exchange. He advocated closing district stock exchanges, setting up a "second stock exchange" for smaller companies and said it would be in the interests of the business sector if the Oslo Stock Exchange had a monopoly on stock quotations.

The Oslo Stock Exchange considers one of its most important tasks to be the improvement of the conditions imposed for stock owners, said Larve. It is important to arrive at a happy balance in relations between companies and stockholders. The needs of stockholders must be weighed against possible harmful effects on the companies. The whole thing must be seen in light of the efforts companies are making to acquire capital for the companies as well as giving stockholders a basis for possible profits in their investments.

#### Foreign Investors

Financial analyst Erik Schultz of Fondesfinans said that stock investments represent an area of high risk. Therefore one must not be led to believe that everything concerning stocks involves saving. Schultz said that the commission law that sets a 20 percent ceiling on lenders' access to buy stocks in Norwegian firms is pretty meaningless as it is used today. Foreign investors do not buy stocks in Norwegian firms to gain control. They are primarily interested in earning money on their investments, Schultz said.

63/H

(NO) 3639/37

## DRAFTING OF THE DRAFT BANKING RESERVE BILL

Madrid 15.10.1964 (Spain) 16 Nov 64 p.19

[Article 1 - 1.584]

"Next, the government depends upon the discretionary authority of the government when it comes time to apply the new bank reserve rates." This sentence was extracted from more extensive commentary gathered by this newspaper from direct contacts of banking organizations when they were asked their opinion on the official last Monday to Congress of the bill dealing with bank reserve rates. In this case, there is greater fear over future regulations or "recommendations" of the Bank of Spain on the application of the percentages to the liabilities of the banking system for all its financial operations and to those of the middlemen of this sector, than over the application of the future law, which must now be approved by the Senate.

In principle, as the government's plans for the next few years are known, the fear of the law, which extends to all financial assets the necessity of adhering to the rates policy, has already been adopted by the banking system following the decisions of last summer. The banks are ready to cooperate to ensure that the government's regulations on monetary policy will not fail, because in this event the Bank of Spain would have to increase its reserves at the expense of the private banking system to a percentage higher than it has been maintaining up to now, and it will always find the funds to carry out this action. What is more, a disproportionate increase in liquid assets, which would coincide with a large increase in inflation, would over the medium term be contrary to the best interests of the banks.

## In the hands of the Government

The bankers also said we must not forget that any draft legislation which this government presents to Parliament will be approved, although the support of the opposition forces will be counted upon; therefore, it will always be better for the schedule not to rise above the limits established in the future bank reserves law. In the same law, the government provides for a maximum liquid margin of 20 percent, whereas at present the limit is 19.75 percent, with a little over 1 percentage point still remaining.

Law of the Law

Another point under discussion is the sporting realignment at the top levels of the Bank of Spain. In this regard, it is acknowledged that the new governor will have all-embracing powers to establish the laws for the future rules of the game in which financial organizations will be subject. There is concern over who will replace Alvarez Rodas and the use that may be made of the legal texts which will be in force at that time; therefore, there is preference for setting the rules of the game beforehand, not at the same time as the change in the "staff" which is to ensure compliance.

There was very favorable comment on the amendments accepted by the Socialist group which were presented by the Popular group with a view to avoiding double reserves. As the bill was finally drafted, the reserve rates will only apply to money received from third parties and not from money derived from the secondary market between the financial intermediaries themselves. The reserve rates could be applied to any instrument issued by the Bank of Spain to remove liquidity from the system (including certificates of monetary regulation in addition to paper money, specie or deposits). Any infractions which may occur will be punishable under the banking regulations law or other specific laws for nonbank intermediaries.

The question remaining to be resolved is consideration of certificates of monetary regulation and promissory notes as part of immobilized assets with a view to reducing the reserve rates which credit organizations must respect. The treasury is opposed to this measure, because in this event it would be paying much higher interest for part of the immobilized funds than the rate set for the mandatory remuneration of these assets.

SLF  
GMO: 1948/114

## OZYORUK URGES CONCERTED BUREAUCRATIC REFORM EFFORT

Istanbul TERCUMAN in Turkish 1 Dec 83 p 6

[Article by Mukbil Ozyoruk in the column: "The Decision Is Yours": "The First Meaning of Bureaucracy"; passages enclosed in slantlines printed in boldface]

[Text] Before the last general elections all 3 parties without exception announced and reiterated in their election campaign statements that they would /"fight against bureaucracy"/ and somehow bring it under control. I believe that it was the Motherland Party, which will be forming the first government of the new era in the days to come, that dwelt most on the question of bureaucracy and presented it to the approval of his countrymen as the /number one issue./ Since bureaucracy was one of the 3 parties' common causes, the measures the future /Ozal government/ will bring will not be only those of the party in power and this means they will get the total support of the new Assembly. In this way the opposition parties will have also kept their promises.

But for a while I felt hesitant about the question of bureaucracy. For, to all appearances, the majority of the candidates of all 3 parties came from the bureaucracy. But an analysis and portrait of the deputies of the Motherland Party, which I quoted to my readers in my article of yesterday, showed that a large majority of the deputies of this party who had been in the bureaucracy, before or after public service had also worked in the private sector, that is /they knew bureaucracy well, both from the inside and the outside/ and had acquired experience which would lead to sound diagnoses and remedies. I suppose, and at least wish, that the case is the same for the other 2 parties. Thus the matter can be diagnosed more clearly, the measures taken can be more realistic.

Then again, as I pointed out before, /what is meant by bureaucracy, by saying "bringing the bureaucracy under control"/ must be put forward clearly. Because bureaucracy does not mean one thing only.

To citizens and businessmen faced with authorities /bureaucracy/ means the /sluggishness/ in the activities and services, the complexity of the procedures which /defy logic, need and purpose and the resulting superfluous hardships which make people weary of life;/ in other words and with a shorter definition: "red tape." This is the most widespread definition of bureaucracy. /The activities and services of the bureaucracy taken in that sense are of no use to the State either./ /Authorities, in that sense, are in fact motivated by a "need to dominate"/

stemming from the influence of lingering "traditions" rather than by the desire to serve./ Its activities take place in this climate and the methods of/"domination"/ it enjoys so much. Authorities, since time immemorial, always complain about /how small their power is, how restricted their cadres, how insufficient their financial resources.../

The way the lower echelons of public services function, /as much as possible of the burden/ of the formalities required by the services they perform /is shifted to the "citizen's shoulders."/ Like "Bring this, submit that, in order to prove this or that keep running between bureaus, section, departments, offices..." But despite all this shifting of chores to citizens, the same Authorities /when faced with the "pressure of an appraisal" which might lead to an evaluation, are very sensitive about protecting themselves.../ And against the possibility of being affected by pressure of this sort, they show / a strong "esprit de corps"/ (that is protect at all costs the lower echelons from the citizens' complaints and protests, always making it appear that "the civil servant is right, the citizen is wrong.") and this has been developed to its fullest extent. It has been attempted to keep the doors leading to the higher administrative authorities closed as tightly as possible against complaints about the lower echelons. And the excuse for this is /"If I do not protect my functionary. I will be unable to get him to do any work"/ rigmarole. This is the manifestation of the old principle of /"dominating"/ rather than that of /"serving and producing ."/

And this is as far as we can expand /the first and most widespread meaning of bureaucracy./ I will not attempt to fill my article with examples. Because once we try to go through a recital of examples, columns, pages would not suffice. But still, I would like to dwell on the "driver's license" example the esteemed Ozal mentioned in one of his television talks:

We all know how such a license is obtained in our country... On the other hand, in my student days in England, in the past, I had obtained a license there. I will tell you the story:

I already knew how to drive. But because in England the wheel is not on the left but on the right and because in our country traffic at that time was "nonexistent", in order to learn the rules properly I only took 3 hours of lessons. And I carefully learned the rules summarized in a small 7 to 8 page booklet. With the driver who had taught me I went in to be tested. No petition, no medical examination, no this, no that... The examiner made me read a license plate which was set at a distance of 20 to 25 meters. Then he asked me about a few rules. He made me sit at the wheel and sat next to me and we went driving around the neighborhood. He took note of whether or not I was signalling, making jerky movements, paying attention to signs. He made me stop at an intersection and back up into a street. He made me stop uphill and noticed the way I used the hand brake to start without allowing the car to slide back even 1 centimeter. Then he only peered at my passport and, as if giving a receipt, he handed me a paper. I went to the city hall. I gave them 7.5 shillings and I was handed my permit, which had no "photograph." Another friend of mine took the test 4 times, he made no mistakes but neither was he given a license. It appears the examiner kept muttering /"When sitting next to you as you drive I do not feel safe.../

## ILICAK ON OZAL CABINET PLANS, SPEEDY CIVILIAN TRANSITION

Istanbul TERCUMAN in Turkish 1 Dec 83 pp 1,10

[Article by Nazli Ilıcak "Not Creating Problems For Ozal"; passages enclosed in slantlines printed in boldface]

[Text] Difficulties, more precisely additional difficulties should not be created for Ozal. As it is there are quite a few economic problems, difficult ones to solve.

According to what we hear, the attempt to reduce the number of ministries meets with a peculiar resistance. One of Ozal's most important speeches was about reducing bureaucracy, preventing red tape and speeding up procedures. That is why he wanted to decrease the number of ministries and consolidate ministries whose work is related.

On television he aimed his pencil at the viewers and spoke at length on this subject, complaining about the bureaucracy.

If Ozal suggests reducing the number of ministries as a solution he should be able to do it. He should be given the opportunity to do it. One should not say: /"First form the Cabinet. Then issue a law and then you can throw out of the Cabinet the superfluous ministers." /

Because such a stance would put Ozal in a difficult position from the very first day. Furthermore, this would create a less than serious image. And, above all, time would be wasted. As it is, there were enough delays in forming the government; affairs were left unsupervised.

Either the National Security Council should promulgate a law or Ulusu, relying on the law which empowers his government, should implement the new measure through a resolution having the force of law, as soon as possible.

## Transition Period

We are in a period of transition. Difficulties in this period arise from /the transfer of power and responsibility./ Ozal won the elections. He secured the majority in parliament. /Parliament is the strongest body and whoever wins a vote of confidence from it is the head of the government, that is the Prime Minister./ The 1982 Constitution accepted a democracy based on the parliamentary

system. The last word is always the Turkish Grand National Assembly's. Its executive organ, that is the government is in power as long as it has its confidence. And because it has the power, it has the responsibility. Responsibility and power are 2 attributes which complement each other. The parliamentary system gives power to the responsible organ (the government) and the foundation of this power rests on the vote of confidence.

The Constitution of 1982 gives the President of the Republic the possibility to act on his own initiative only up to appoint some high officials of the State, to dissolve Parliament, to veto laws and to announce to the people changes in the Constitution. Furthermore, for Parliament to be dissolved and for the right of veto to be used, definite conditions have been established. Because the real power in the parliamentary system is the parliament which represents the will of the nation and the government which has the majority in parliament.

#### Let Us Prepare For The Transfer of Power

That is why we say that we should support the Motherland Party which has the majority in Parliament. Because it represents the will of the nation. If we accustom ourselves to the transfer of power and responsibility, since things are bound to settle down, our country will not have to endure the transition period for very long.

12278

CSO: 3554/88

## NAVY COMMANDER: OUR DEFENSE OF COAST VITAL FOR USSR SECURITY

Helsinki HUFVUDSTADSBLADET in Swedish 29 Nov 83 p 2

[Text] The south coast, northern Baltic and Aland were emphasized by Vice Admiral Jan Klenberg when he spoke at the Paasikivi Society's branch in Lahti about the security-political situation in the Baltic. He pointed out that the outpost line of the Soviet Union now goes through the southern Baltic, but that the sea connects military and political Central Europe with the northern Baltic coast where the Soviet Union's "supply routes" are sensitive to threats. If Sweden's neutrality is changed, there will be consequences for the entire area, and Finland must be prepared to defend the integrity of its area on land, on the sea and in the air in southern and southwestern Finland. The tense situation in Europe now makes it more complicated than previously to bring about a new relaxation of tensions, maintains KANSAN UUTISEN. In BORGABLADET chief editor Rolf Gabrielsson is critical of certain ways by which the president's birthday was observed.

## Northern Baltic a Security Zone for the Soviet Union

Vice Admiral Jan Klenberg spoke at the 25th anniversary of the Paasikivi Society in Lahti about the strategic importance of the Baltic for the Soviet Union. In the speech, which was quoted in ETELA-SUOMEN SANOMAT Admiral Klenberg said:

"Militarily, the greatest importance of the Baltic is that as an international sea area it connects the areas which surround the northern part of that sea with Central Europe. Central Europe is the military center of gravity in Europe--perhaps the area regarded as the most important in the entire world. The land areas which border on the northern Baltic in the Soviet Union, Finland and Sweden are, because of military security, also tied to Central Europe.

"That the Baltic is a military connection means, in peacetime and especially in times of increased tension, that ships and aircraft from any nation can freely move on international waters in the Baltic. It has long been common that surveillance aircraft from NATO countries and others extend their

flights to the northern parts of the Baltic. In this way they demonstrate, at least for us Finns, that this connection with Central Europe exists.

"After World War II the Soviet Union moved its military outpost line from the narrow entrance of the Gulf of Finland to the neighborhood of the German borders. The military center of gravity of the Baltic moved at the same time to the southern part of the sea.

"In evaluating the security interests of the most important nation on the Baltic, it appears clear that the entire sea, even to its northern parts, is an essential security zone for the Soviet Union. The historical defense questions for St Petersburg/Leningrad are constantly in the highest degree of immediate interest. They must today be seen as a part of security policy when the concern the entire northwestern part of the Soviet Union. When the military 'outpost line' was moved south, that meant a possible military threat against the northern Baltic and a threat against the sensitive 'rear lines'..."

Admiral Klenberg said that it is essential for a stable situation in the northern Baltic that Sweden remain neutral.

"Sweden controls the long west coast of the Baltic. Judged by military standards, it is very clear that for our eastern border it is of the greatest importance that one not have reason to assume that the west coast and its territorial waters remain in the hands of a country which is hostile to the Soviet Union, or such a country which can utilize those waters."

Admiral Klenberg reminded that it is important that in consideration of our own integrity and our treaty obligations we are ready to defend south Finland.

"That means not only the defense of the sea areas or Aland, but a preventive defense of all of south Finland with land and naval forces."

9287

CSO: 3650/65

## PROBLEMS, PARADOXES IN FRENCH NUCLEAR DETERRENCE POLICY

Bonn DAS PARLAMENT in German 19 Nov 83 (Supplement) pp 3-16

[Article by Walter Schuetze: "The Importance of the French Nuclear Arms"]

[Text] The 1979 NATO double decision that set the negotiation target of establishing a regional strategic equilibrium in Europe has indirectly sharpened the problem of the arsenals of third states, in particular of the French "Force de Frappe" (strike force). Andropov's proposal of December 1982, to turn the strategic nuclear arms of France and Great Britain into a criterion for the continuance of Soviet medium-range missiles, not only created a new situation for the Geneva negotiations but caused dispute in France itself as well as all over Western Europe on whether this new Soviet concept could be the basis for an East-West compromise.

This article first explores the role of France's nuclear arms in terms of their historic development since the Fourth Republic and the nuclear strategy under de Gaulle, which actually has been maintained to this day. The modernization of the strike force carried out by the leftist government in Paris raises the question about the political and military relevance of that arsenal of national deterrence for the 1980's. In connection with current arms control negotiations, the article then sketches the attitude of France and that of NATO and of the USSR. Though there seems to be agreement here that the nuclear arms of third states have to be included in the overall arms control process, serious divergencies exist with respect to the point in time, the negotiation framework and the modalities of how to account for them in the global East-West power ratio.

Through the December 1982 proposal from Soviet party chief Yuri Andropov, to use the strategic arsenals of the two small European nuclear powers France and Great Britain as the yardstick for the potential in medium-range missiles aimed at Western Europe that may be granted the Soviet Union on a treaty basis, the question of the arms of third states has been made the focal point of the issue taken over NATO's arms-catchup. This initiative by Andropov, who only a few

weeks before had been chosen Leonid Brezhnev's successor, surprising as it was to all observers, might primarily have been determined by political motives, by the desire further to intensify the divergencies existing anyhow in the western camp on the implementation of the December 1979 NATO double resolution. Undoubtedly, that Soviet step stirred up again the Geneva negotiations between the two world powers, which evidently had gotten stuck up to the end of 1982, on limiting the "Intermediate Nuclear Forces" (INF), i.e. the nuclear intermediate-range arsenals in and around Europe. The new Kremlin leadership is likely to have sought to subvert thereby the negotiating position agreed on in the Atlantic Alliance in 1979 and to induce the United States itself to show greater flexibility.

However, the direct consequences of Andropov's "slide clause" for establishing a "Eurostrategic" equilibrium in the NATO countries and particularly in the FRG, primarily affected by the outcome of the Geneva negotiations, were dispute and controversy between the parties and in public. In the Socialist International, conflict broke out between the socialists governing France and the other social democratic and socialist parties. In France itself, due to that proposal, for the first time since the socialist-communist government coalition had been formed in June 1981, a public security policy controversy broke out between the partners. In Great Britain and the Netherlands, as well as in the Scandinavian countries, increasingly not only spokesmen of the opposition but even of government parties would advocate using the inclusion of the two strategic nuclear arsenals in Western Europe as a constructive lever for a breakthrough in the INF negotiations.

Apart from the direct effects on the negotiating process, Yuri Andropov accomplished at least one thing: Through his 21 December 1982 proposition he aroused the fundamental problem of the weapons of third states (including the Chinese) from the beauty sleep in which the Atlantic Alliance had kept it from the outset for convenience and understandable self-interests. He furthermore brought it about that in the future one will have to deal seriously with the questions of the military relevance of such nuclear weapons systems within the global deterrence system of the two world powers and their alliances and with their foreign policy place value and their role in arms control policy.

In this respect the French strike force has become the focal point of the debate while the British Polaris fleet has thus far played a rather secondary role and the Chinese nuclear arsenal, for reasons that have to do with the embarrassingly schedule-oriented concentration of all the arms control problems on Europe, still is only of peripheral importance, which will however become very significant for future developments. Various explanations are offered for this polarization of the strike force. One, of course, has to do with the special position France has taken in NATO since 1966. Another one is that the leftist coalition voted into office in the spring of 1981 has given the opposition ideas about disarmament aiming at France's full participation in limiting nuclear as well as conventional arms, so that it was only logical for the Soviet side to remind those responsible in Paris of those promises, putting them to the test, as it were.

In the following the attempt will be made to present the problems of the strike force and explore its function with regard to both the alliance policy and the arms control process.

## I. The Development of French Nuclear Armaments

### I. Origin and Objectives under General de Gaulle

Since the founding of the Fifth Republic, they have been setting great store by the remark that not General de Gaulle but the cabinets of the Fourth Republic had decided on and initiated the building of the atomic bomb. That is correct but does not go to the heart of the matter; the characteristic of the strike force is its complete independence and--in contrast to British nuclear armaments--the lack of any ties to NATO and the target planning or assignment modalities within the framework of the alliance. Prime Minister Pierre Mendes-France late in 1954 ordered the start of military nuclear research, behind closed doors as it were, yet it took the leftist coalition under socialist Guy Mollet to decide on the development of their own nuclear weapons 2 years later. No debate on principle took place. The nuclear option was taken, if not secretly yet silently and almost in embarrassment. The rapidly succeeding cabinets of the Republic, weakened domestically and externally by the Algerian war, thereby pursued neither a reorientation in their alliance policy nor strategic ideas of their own.<sup>1</sup> It probably was a matter of catching up with Great Britain in nuclear power status.

To justify the step toward the military nuclear bomb at the time in Paris they said the unfortunate outcome of the French-British Suez expedition of November 1956 had proven the need to be able to resist in the future an ultimatum (from the United States) and threats (from the Soviet Union) through having nuclear weapons independently available--although Great Britain's capitulation in the Suez affair had proven precisely the opposite, i.e., that having a small independent nuclear arsenal was not sufficient to resist political pressure.

Nor had the Fourth Republic considered a nuclear force free from all international obligations and quotas. Mendes-France even accepted a serious discrimination vis-a-vis the English partner in agreeing to an article, in the arms control protocol on the amended Brussels treaty on the West European Union (WEU), to the effect that the WEU Council of Ministers would determine by simple majority the ceilings for nuclear weapons a continental member country was allowed. This rather significant loss in sovereignty by France compensated for the FRG obligation assumed in the same protocol to produce no ABC weapons on its national territory. The treaty thus precluded a purely national power of disposition (even though not absolutely a national order to use those weapons), especially as the ceiling of allowable inventories had to be verified by the WEU arms control authority.<sup>2</sup>

General de Gaulle, returning to power in May 1958 and elected president of the new republic at the end of the year, ignored those treaty provisions. He immediately stopped the efforts undertaken under the last cabinets of the "Republican Front" of engaging in a nuclear buildup with the financial support, in particular, from the FRG,<sup>3</sup> and he later even rejected all U.S. offers on arms technology cooperation in the nuclear field. Late in 1962 he refused to join the U.S.-British accords on building a multinational fleet of Polaris submarines (with U.S. delivery rockets but warheads out of their own manufacture). Washington's assistance was confined to supplying a prototype nuclear reactor--permitting French technicians to copy the nuclear motors for the submarines--and 12 special 707 Boeing engines for refueling French nuclear bombers in the air.

France's regaining the concert of the big powers, as systematically put into action by de Gaulle, was largely due to the fact that he had a military instrument that could enforce such a demand, nuclear weapons i.e., solely under national command and serving only the protection of France but not that of the alliance partners. According to the often reiterated maxim of de Gaulle, the threat to use the "force of dissuasion," weapons of deterrence, could be credible only if it involved the vital interests of one's own country. What one must make clear from the outset is: this did not concern the purpose and use of having nuclear weapons per se. Essentially, even the politicians of the Fourth Republic were convinced that, as de Gaulle once put it, renouncing the nuclear option would cause a "chronic and gigantic inferiority" vis-a-vis the nuclear weapons states,<sup>4</sup> and it was because of their thinking in terms of status that they had decided to build the bomb. The same motive was the basis for British nuclear armament.

The set of problems the general-president brought into the Atlantic debate of principle on the value and limits of deterrence within an alliance is related to whether it is correct that a nuclear weapons state can make credible to the enemy the use of such weapons only if its own territory, and that means its vital national interests, are threatened. De Gaulle, in any case, derived from that postulate the moral and political justification for building a completely independent deterrence arsenal, not constrained by any alliance accords, and he shored this up time and time again by the repeated contention in public that no real trust could be placed in the United States as a power offering guarantees in an emergency and in view of the nuclear stalemate developing with the Soviet Union, and that France therefore should have to take its defense into its own hands.<sup>5</sup>

Both deterrence philosophies, that of NATO and that of France, cannot be correct at the same time; they are mutually exclusive. Both deterrence strategies cannot be used at the same time because the French strategy can come into action only after the NATO strategy has failed. No one in the West accepted de Gaulle's theses--not then and not today; otherwise the European allies could all have quit their integrated military structure and cancelled their military alliance obligations or gone the national way toward nuclear power. Nor did the eastern adversary take the "ultima ratio," the strike force, seriously but exploited it as best he could to split the western alliance politically. Finally also, most French citizens, as opinion surveys show,<sup>6</sup> do not believe in the effectiveness of a purely national deterrence either.

Without the spiritual-moral discomfort the partners have had for almost 20 years about that Paris particularism, one could see in it merely some scholastic dispute, virtually useless because not verifiable by facts. Political reason at the time made it necessary for the French chief of state to doubt the U.S. nuclear guarantee for Western Europe; how else could he have convinced his countrymen of the need for an independent strike force and overcome the opposition of all non-Gaullist parties who would oppose him with the argument that solely the integration within NATO guaranteed France's security.<sup>7</sup>

De Gaulle did not think as a moralist or military strategist but as a statesman seeking to surmount the bloc structures that had evolved from the Cold War and threatened to make the division of Europe eternal. To him, the nuclear weapons, with the United States virtually holding a monopoly in them in the west, had

first and foremost a political function in that they served to maintain and justify the U.S. hegemonial position in the alliance. In NATO with its integrated military structure as well as in the European Economic Community, expanded to include Great Britain, he saw--as Konrad Adenauer had already explained soon after de Gaulle had returned to power, in September 1958--a systematic subordination of the European states to Washington's preponderance due to the system. After he had failed in his attempt in the summer of 1958, to persuade President Eisenhower and Prime Minister MacMillan to set up a directorate of three among the western nuclear powers as the NATO's leadership organ in world politics and strategy, and his objection had remained ineffective to the flexible response strategy Washington had imposed on the alliance, he did go it alone to loosen up the alliance structures by way of mutual example and restructure the European state system by pushing back the influence of the two world powers in the sense of a "Europe of fatherlands," i.e. the old national states and classical military alliances. That objective was served by the publication, in February 1965, of his three-step plan of "detente, accord and cooperation" between east and west, the basic conception of which he had already presented to Nikita Khrushchev in March 1960.<sup>9</sup> In this global foreign policy perspective, the strike force was only a means to the end and not an end in itself, i.e. a manifestation of the reemergence of the grandeur of France. In any event, in the mid-1960's removing the French armed forces from the NATO defense system had militarily much more of an impact on the alliance than the national nuclear arms buildup, which was strategically then still totally irrelevant.

Decisive to the success in the Gaullist "big gamble" for a total European reorganization was not the strike force as such--even though as a pledge for one's own freedom of action it did play an indispensable role--but the willingness of the Soviet Union to go along with de Gaulle's example to some extent at least, through a detente "a la francaise," and grant its own allies in the Warsaw Pact a greater degree of autonomy. Romania's Ceausescu offered himself as a mirror-image model, as it were. Yet the events in 1968--shaking the position of de Gaulle in the May riots--and mainly the failure of the Prague Spring and the subsequent redisciplinization of the bloc states brought de Gaulle's hopes to nought. It remains arguable whether the Gaullist strategy had not been inauspicious to begin with because the USSR had then already entered the path of the *modus vivendi* with its chief adversary, the United States. It is important to keep in mind in this context that the French chief of state regarded his strike force as an instrument for political evolution for all of Europe. When the way to it had been barred in the east, he once more attempted in the last months of his tenure (as became evident in the so-called Soames Affair) to accomplish a change in the Atlantic alliance structures.<sup>10</sup> When his successor Georges Pompidou renounced such ambitions and accommodated himself to the status quo in NATO and the then starting multilateral detente process between the two world powers and their respective partners, the diplomatic benefit of the strike force and, moreover, an independent French defense force altogether, became doubtful. With the reversals and the hardening of the East-West relationship beginning in the late 1970's, there came a growing danger that France's special position would lead to self-isolation, because to the East, especially the Soviet Union, the positive effect of the strike force no longer was evident, and the West was bound to raise the question why France under the aegis of intensifying military confrontation would not return to a full partnership in the alliance, on the defense capability of which ultimately France's own survival would depend.

Whoever is in charge in Paris finds this dilemma indissoluble: Reintegrating with NATO is impossible because no domestic political constellation could enforce that and it would destroy an essential taboo of the Fifth Republic. The alternative, armed neutrality, is something no one wants, with the possible exception of the communists, nor can anyone make out what France would gain by it in terms of security policy. What is left is a precarious in-between position, always balancing between membership in the Atlantic Alliance and confirming the solidarity (which do not find their expression, however, in binding military commitments to the allies) on the one side and insisting on a full freedom of decision throughout the whole defense spectrum, in the nuclear and conventional field, on the other. Great dialectical skill is demanded to enforce such a hybrid posture, especially for government parties that only 6 years ago adopted a nuclear weapons and defense policy they had been harshly opposing up to then, and which can claim no copyrights to this specific Gaullist "one as well as the other."

## 2. The Nuclear Strategy Principles

This defense policy ambivalence naturally is also found in the formulation given the nuclear strategy. The strike force theoreticians have invented their own semantics to this end that operates with concepts such as "enjeu" (that which is at stake), "proportionality of deterrence," the "levelling effect of the atom," and, above all, "uncertainty." General Andre Beaufre has contributed the brilliant statement that uncertainty is the mother of deterrence.<sup>11</sup> General Lucien Poirier, who is hardly known abroad but who, late in the 1960's, on the planning staff of the army ministry had much to do with shaping the theoretical substratum for the nuclear doctrine, has gone so far as to even develop a military variant of the theory of relativity. Albert Einstein's famous formula could thus be modified as follows: Mass (nuclear capacity) plus motion (uncertainty) equals (deterrence) energy. The smaller a nuclear capacity, the greater is the uncertainty, whether, when, where and with what it is used. That also explains why the French doctrine leaves opponents as much as possible in the dark about its own intents whereas the NATO doctrine, in view of the enormous and multiform mass, aims at a maximum of computability.

The idea of "proportionate" deterrence stems from General Pierre Gallois and means that France, to make its deterrence credible, only needs a nuclear destruction potential causing destruction in the aggressor's country that would exceed the worth France has as a target in his eyes. This thesis, on which de Gaulle based his nuclear strategy, presupposes however that the strike force has an assured second-strike capability, i.e., can survive a "disarming strike." The measure for this minimal deterrence thus is not one's own potential but the enemy's capability, through which France finds itself compelled to join the technological contest of the superpowers, which determines the Soviet Union's weapons development. The crucial question therefore is whether France will be able to sustain that proportionality over the long run considering the military-technical and financial resources of that vast eastern empire.

The nuclear strategy developed since 1960 is based on three essentials:

1. Massive retribution (funds not being adequate, the NATO flexible response strategy cannot be imitated there),

2. targeting cities and industrial centers of the USSR with maximum destructive impact, and
3. first use of nuclear weapons even if the enemy threatens the vital interests of France with conventional forces.

The enemy remained vague while de Gaulle was in power. Charles Ailleret<sup>12</sup> was the chief of the general staff who since 1966, when France quit NATO, conceived the "roundabout strategy" ("strategie tous-azimuts"), in which nuclear deterrence had to work in all directions, theoretically then also against the United States and states without nuclear weapons. That was a political doctrine de Gaulle himself abandoned early in 1969, undoubtedly on account of the grotesque disproportion between calling for the military means and finding them available in a foreseeable time frame.<sup>13</sup> Only the communist party, since its conversion to the strike force, has picked up the roundabout defense and today, sharing the governmental responsibility, is maintaining, against its better knowledge, that this is the leftist coalition's nuclear doctrine in force.

### 3. The Adjustments Among de Gaulle's Successors

Ailleret's successor, Airforce General Michel Fourquet, was the first to refer to the potential enemy, the Soviet Union, by name and sought to specify the purpose of using tactical nuclear weapons, particularly in the strategic forward staging area of the FRG.<sup>14</sup> Then, in the 1972 White Book, the then defense minister Michel Debre gave a comprehensive account of the strategy.<sup>15</sup> The so-called Debre doctrine has fully kept its validity to this day and is being re-emphasized especially by the leftist government.

In the formulation of military missions no clear distinction is being made here between strategic and tactical (combat-related) weapons. The latter (fighter bombers and land-based Pluton missiles with a range of circa 100 kilometers) are an integral component of the massive retribution strategy. Their first use against an enemy advancing with conventional forces toward the borders of France is meant as the last warning before conducting the strategic strike against the aggressor's vital centers. The classical field army, the First Army units stationed on both sides of the Rhine, have the job of protracted local defense to explore the enemy's offensive intentions and may possibly, if the Paris government decides, fully in its own judgment, be employed within the framework of NATO armed forces planning for Central Europe, if conventional combat operations break out between the alliances. For using French nuclear weapons, however, no such arrangements with the NATO supreme command have been made,<sup>16</sup> and as far as one knows, no consultations about it have thus far been held with the allies, in particular with the FRG, through the southwest of which runs France's nuclear trip wire, including it in the target area under planning.

The doctrine of the "all or nothing," which in the end comes down to the choice between the threat of suicide and capitulation, was already placed in doubt by Georges Pompidou's successor in his first public announcement. Giscard d'Estaing considered the use of the strike force only in the case of a (Soviet) nuclear attack on France, whereby he abandoned one of the essentials in the Gaullist doctrine, the first use of nuclear weapons. His chief of the general staff bluntly announced before the Paris Defense Academy he doubted that in the extreme

case, with everything collapsing around France in Europe, there would still be the national will to threaten massive destruction for the sake of assuring survival.<sup>17</sup> The president and his advisors brought concepts into the strategy debate, such as "expanded sanctuarization" (drawing the FRG into the national nuclear deterrence) and "uniform battleground Europe," that caused more confusion than clarification, ultimately leaving things at the status quo, because the neo-Gaullist party (RPR) under Jacques Chirac, thanks to its strong parliamentary place in the government coalition, managed to block all attempts at revising the strategy in the sense of rapprochement with NATO.<sup>18</sup>

Francois Mitterand, elected president in May 1981, no longer even made the attempt to accommodate the military legacy of Gaullism to the totally different basic domestic conditions, the socialist-communist coalition. While in the opposition, both parties had agreed on keeping the nuclear strike force "en etat," i.e. in operations readiness; in practice, however, a still higher priority was granted to the various elements of nuclear armament, the strategic as well as the so-called tactical ones. Mitterand and his ministers make more than the liberals and conservatives of the unrestricted national power of disposition and freedom of decision,<sup>19</sup> and in view of the economic crisis situation and the systematic defiance from the bourgeois opposition, they see in the "fait nucleaire" an essential means for maintaining national consensus and the security policy foundation of the coalition--fragile though it is in reality. For that reason alone every demand for including the French nuclear weapons in the multilateral process of arms limitation and disarmament becomes a serious factor in the domestic and party policy dispute.

## II. The Nuclear Weapons Arsenal of France

### 1. The Buildup since 1960

Directly after the end of World War II, General de Gaulle, as the chief of the provisional government, ordered the start of nuclear research. A Commissariat for Nuclear Energy (CEA) was set up in October 1945 to gain access to the developments in Anglosaxon countries and break their then existing monopoly.<sup>20</sup> The cabinet of Guy Mollet by the end of 1956 had set up a military department in CEA. A year later they decided to build an isotope separation plant in Pierrelatte, north of Marcoule in the Rhone valley, where three nuclear reactors were already in operation, initially to produce current but then the plutonium needed for nuclear bombs. The other base material for military use, highly enriched uranium, was to be produced in Pierrelatte, but it had to wait for General de Gaulle to enforce the financing of that plant in the summer of 1962, costing what was an enormous amount of money at the time, between 4.5 and 5 billion francs, in parliament and against the strong resistance from all non-Gaullist parties.

They also pushed with the greatest urgency the building of the launch vehicle, which had still been planned in the Fourth Republic, the IV A Mirage long-distance bomber (which however could reach its targets in the USSR only through airborne refueling). Then the first nuclear bomb exploded in February 1969 in the then still French) Sahara. Two years later the first Plutonium warheads had been produced though Mirage IV was not operational before the fall of 1963, a total of 32, sixteen of which as reserve. Then it took almost 10 years for the other two elements of the French triad, the missile-carrying submarines and the air-based medium-range missiles in hardened silos, to be put in operation on the Albion Plateau in Provence. The planned figure of more than 50 such medium-range missiles

was first reduced to 27 and then to two batteries of 18 units each. The first nuclear submarine, "Redoutable," with 16 rockets, was put into operation in December 1971 at its "only" base, Ile Longue near Brest.<sup>21</sup>

In 1963 General de Gaulle also decided to start with the development of so-called tactical nuclear weapons, with airforce and naval-airforce fighter bombers and land-based Pluton-type rockets, mounted on tank carriages. Especially the last-mentioned weapons system is hardly compatible with the official doctrine on minimal deterrence and the categoric rejection of any sort of nuclear warfare, i.e. the use of such weapons on the battlefield. To issue the last warning before ordering massive retribution a few nuclear fighter bombers would be enough; the Pluton system is redundant there, particularly since its protection in Eastern France would tie up a not inconsiderable part of the army and air defense formations. That probably has a lot to do with the desire to play a role, to be on a par technologically with the two world powers and dispose of the whole scale of nuclear weapons, but what decided things for de Gaulle may well have been the need to involve the army too and not let it drop into the role of the conventional esquire to the nuclear knights, navy and airforce. Totally incomprehensible with respect to the nuclear strategy in effect, however, is the decision Giscard d'Estaing made in 1978 to start developing neutron warheads, because that weapons system can be applied, if at all, only within the framework of the NATO flexible response strategy and would have to lead, as those in charge right now in Paris have admitted several times, to a complete revision of their own strategy. And still President Francois Mitterand has that development program continue though he has postponed indefinitely introducing neutron warheads to the troops.<sup>23</sup>

## 2. The Status of Today

The nuclear armed forces at present look as follows:<sup>24</sup>

### A) Strategic Weapons Systems

#### a) Strategic Airforce (FAS)

- Eighteen S 3 medium-range rockets (two batteries with nine each); range circa 3,500 kilometers; warhead 1 megaton (Mt) each.
- 34 Mirage IV long-range bombers (ten in reserve); two squadrons and one squadron of 11 Boeing C 135 refueling aircraft for airborne refueling; warhead: one freely dropped bomb of 60 kilotons (Kt).

#### b) Strategic Naval Force (F0ST)

- five nuclear-powered submarines (home port Ile Longue near Brest) with 16 medium-range rockets each; displacement 8,000 tons; range circa 3,000 kilometers. One warhead M 20 per rocket with 1 Mt. target accuracy circa 800 meters CEP.

### B) Tactical Nuclear Armed Forces (ANT)

#### a) Airforce: Tactical air fleet (FATAC)

- 30 Mirage III (Airdrome Luxeuil)
  - 45 Jaguar (Airdromes St. Dizier and Istres)
- All equipped with one nuclear bomb each, AN 52 with an explosive effect of 25 Kt.

b) Army: Pluton rocket system on 30 AMX 30 self-propelled mounts (a total of 100 rockets available, with reloading capability). Range circa 100 kilometers, with one warhead each of 10 Kt or 25 Kt AN 51.

Five artillery regiments are equipped with Pluton (garrisons at Mailly, Suippes, Laon, Oberhoffen, Belfort).

c) Naval Airforce: Some of the 36 Super Etendard IV carriers are equipped with atomic bomb AN 52.

The 1983 military budget shows nuclear armed force expenditures of nearly 20 billion francs (total military expenditures, but without pensions and social costs, are around 133.2 billion francs). Compared with last year, however, the increase for the nuclear element is much higher than for the other three branches of the armed forces, i.e. 14 percent compared with an average of 10 percent, and that includes the gendarmerie. That supremacy becomes still more apparent in investment expenditures, i.e. the funds for procurement and R&D, for which 31 percent of the total finance volume is allocated.<sup>25</sup>

### 3. The Modernization Program for the 1980's

The five-year plan for defense expenditures 1984-1988, which the National Assembly passed after its first reading late in May 1983, focuses on this facet for the progressive modernization of all components of the strike force. For that period a total of 415 billion francs was set aside for investments, 132 billion of which, almost one-third that is, for nuclear weapons.

The emphasis continues to be placed on the sea-based strategic component. By the end of 1988, the sixth nuclear submarine, the "Inflexible," is expected to be operational; a seventh, the construction of which was ordered not until July 1981 by the new leftist government, is expected to replace in the early 1990's the then completely obsolete "Redoutable." A large part of the funds is being used for reequipping the nuclear fleet with the M 4 rocket, which marks a considerable quantitative and qualitative improvement over the M 20 as of now. It will have a range of more than 4,000 kilometers and six multiple warheads (MRV's that is, not MIRV's) with 150 Kt of explosive power each and will also have modern penetration devices. The target accuracy is to lie between that of the U.S. Poseidon 3 missile and Minuteman III Mk 12 A, in any case at a radius of below 300 meters (radius of impact from center of target). Of the five operational nuclear submarines today, of which always two or three are in the preassigned firing position, one unit, the "Tonnant," will be equipped with the M 4 missile by the end of 1985 and the three other units of the first generation of nuclear submarines, not until after that date. Furthermore, 18 Mirage IV A bombers, circa half of today's inventory, will get the air-to-ground rocket ASMP (Air-Sol Moyenne Portee) with a range of circa 100 kilometers and a warhead of 150 Kt, the rest of the inventory losing its strategic mission in 1985.

What is missing in the new five-year plan, to be sure, are funds for expanding the so-called nuclear circumferential system, which the military want so much. In addition to the already planned procurement of four naval reconnaissance planes for transmitting orders for the nuclear fleet, that essentially amounts to developing earth satellites for reconnaissance purposes (observing enemy missile shots and strategic movements and so forth), for communications and for the navigation of the submarines in operation. To protect the oceanic elements of the



### III. The Political Arms Control Context of the French Nuclear Weapons

#### I. France's Attitude Toward Arms Limitation

From the outset, the Fifth Republic refused to take part in the multilateral arms control talks. De Gaulle in 1960 ruled out participating in the Geneva disarmament commission saying the two world powers should have to limit their own nuclear arsenals considerably before France would take part. Even though Giscard d'Estaing did join that body after it was expanded and the idea of a shared U.S.-Soviet presidency of it was dropped in 1978, each chief of state down to Francois Mitterand maintained that the problem could best be solved through a conference of the five nuclear powers. France did not join the most important arms limitation accords bargained out within the UN framework.<sup>27</sup> Paris did not sign the nonproliferation treaty of 1968, to be sure (like Peking which showed an attitude remarkably parallel to that of France) but announced it would behave like the signatory states--whereby it assumed the moral obligation, set down in Article 6, for nuclear disarmament by the states with nuclear weapons.

That persistent attitude by France was finally once more confirmed by Premier Pierre Mauroy who, on 20 September 1983, made a possible participation in nuclear arms limitation negotiations dependent on three preconditions: First, an essential and verifiable reduction of the two world powers' excessive nuclear buildup; second: significant advances in reducing the conventional and chemical weapons in Europe; and third: renouncing the creation of new (missile) defense systems.<sup>28</sup>

That official position marked a clear retrogression from the Socialist Party (SP) program of principle of 1971, the joint government program of the Left Union of 1972 (ratified in 1977), and Mitterand's December 1977 disarmament plan and so forth; because there the socialists had committed themselves to take an active part immediately in all ongoing disarmament negotiations.<sup>29</sup>

Mitterand's election manifesto of January 1981, which forms the basis for the coalition with the communists, refers explicitly to the resolution of the special SP congress of January 1978, to the effect that within the scope of a "conference on the reduction of armed forces and tensions" in Europe, the French tactical (yet no longer the strategic) weapons systems also should become subject to negotiations and a demand was made for nuclear-free zones in "neuralgic regions." The SP disarmament and security resolution of May 1982 reiterated those program points. The election manifesto (the 110 points of candidate Mitterand) furthermore anticipated the zero option for intermediate-range missiles President Reagan announced in the summer of 1982 in postulating the withdrawal of the SS-20 and on giving up the deployment of Pershing II in Europe!

President Mitterand changed his country's attitude on this, because in the communique of the Franco-German summit in Paris of February 1982 NATO's double resolution of December 1979, which France had not signed, was called "necessary and indivisible in both parts." Andropov's December 1982 proposition was turned down by the government and all parties, their main critique directed against a demand the USSR had not raised in the first place, the formal inclusion of the

French (and British) arsenals in the Geneva INF negotiations. Not a treaty constraint on the strike force had been raised but only having it count on the side of NATO. Having it count was something President Mitterand categorically rejected in his speech before the Bundestag in January 1983. The arguments against it are well known. They come down to that France's deterrence was independent, served only the protection of its own vital interests and hence was not a component of the U.S. or USSR medium-range arsenals. The foreign policy spokesman of the SP, Jacques Huntzinger, at the "Wehrkunde Conference" in Munich soon thereafter undergirded that thesis with the contention that if SS-20's were dropped on Copenhagen, Hamburg and Rome, not the French with their strategic weapons but the United States should have to respond to that.<sup>30</sup>

Before the Bundestag the French chief of state advocated a solution for the Geneva negotiations which--thanks to the determination of NATO--would permit doing without the western modernization. That line found the approval of the PCF which up to then had cautiously avoided controversy with its coalition partner over the "Euromissiles," as INF is called in France. The peace movement, by and large sponsored by the PCF and the CGT, then also exclusively opposed the new nuclear arms race in Europe, leaving their own nuclear weapons aside.

This situation changed abruptly at the Williamsburg summit of the seven late in May 1983, where Mitterand agreed with the global security concept of the West (and of Japan). The PCF Politburo on 31 May published an announcement<sup>31</sup> in which, with reference to that commitment by the chief of state, the demand was raised for expanding the U.S. and USSR Geneva INF negotiations to include all European states (i.e. the CSCE members), because through the Williamsburg pronouncement France too felt affected by the outcome in Geneva. Early in July, the president told PCF chief Georges Marchais in a talk at the Elysee he was aware that sooner or later their own nuclear weapons arsenal would have to be drawn into the arms limitation talks but he would not want to let the terms for it be dictated from the outside. Georges Marchais, however, a week later interpreted that statement in a sense that would lead to an open conflict with Mitterand. In a joint PCF-CPSU communique in Moscow,<sup>32</sup> he insisted he was placing a distance between himself and Mitterand in two essential points: for one thing, in that the PCF again insisted on the European expansion of the bilateral INF negotiations, and then, in that it announced the French nuclear weapons should have to count on the side of the western alliance in establishing a condition of nuclear equilibrium for all of Europe. After returning from Moscow, Georges Marchais insisted that was perfectly logical<sup>33</sup> because if (since Williamsburg) western security was indivisible, one could not demand of the USSR simply to ignore France's contribution to it, and it was not acceptable that the other powers (the two superpowers) would negotiate alone about European security issues concerning France directly.

The French government in turn insisted on the bilateral character of the INF body NATO had decided on, and the Premier emphasized on 20 September 1983 that France was not affected by the double resolution and not involved in it. In view of the deadline set for the INF talks late in fall, the problem of the arsenals of third states could there no longer be resolved anyway, it would come to play a political role only in the course of the global process of limiting strategic nuclear arsenals. It is unmistakable, however, that the third states problem

raised by the NATO double resolution would place more political and moral pressure on the ones in charge in Paris to abandon their abstinence thus far in the matters of nuclear weapons limitation.

## 2. The Position of NATO (and the Special Problem of the British Nuclear Force)

The allies were uneasy about Gaullist nuclear armament. In it they found the pledge to French particularism. They realized well enough that the purely national character of the strike force justified de Gaulle in cancelling his military alliance obligations. After Paris had turned down the Nassau formula, the setting up of a multinational fleet of U.S. submarines with Polaris missiles and British and French warheads, Washington's resistance stiffened. Secretary of Defense McNamara called the strike force redundant (because it could not significantly reinforce the deterrence arsenal of the alliance) and risky (because France, through its independent use of nuclear weapons, might embroil the United States in a nuclear war against its own will).<sup>34</sup>

The U.S. Secretary of Defense, during a conference of NATO ministers in Athens in the spring of 1962, said the United States would be forced in the case of an acute nuclear crisis to neutralize the French potential. It is correct that this U.S. attitude is attributable to the so-called French "ignition thesis," to the effect that if the United States were to hesitate threatening an aggressor with nuclear weapons, the strike force should have to assume that role. That had been conceived by General Andre Beaufre, who in the early 1960's was the French representative to the standing group in Washington (then the supreme military organ of NATO, but de Gaulle never approved of it. In the 1970's, when French nuclear arms first received a military importance (through their land and sea-based elements) and their effect on splitting the alliance policy had become virtually immaterial in the phase of multilateral east-west detente, NATO accepted it as a *fait accompli*, especially since President Giscard d'Estaing signed the Ottawa pronouncement of June 1974 which recognized the contribution by British and French nuclear weapons to the global deterrence of the alliance.

NATO rejected the inclusion of these third states arsenals in the SALT talks from the outset and prevailed against the Soviet demands of Vladivostok (the Ford-Brezhnev meeting) in late 1974 and in the SALT II treaty of June 1979. The new negotiation level on intermediate-range missiles projected in the double resolution also was purely bilateral, it sought, "ideally," to establish an equilibrium solely between the U.S. and the Soviet weapons systems.

Yet there has been and there is a significant difference between the situations of France and Great Britain. The UK is fully integrated in NATO's military system and a member of the special advisory group for the INF negotiations, which is not true of France. The Nassau accord of 1962 already implied Anglosaxon collaboration, and since 1964, when Prime Minister Harold Wilson brought down the MLF project of NATO, London has progressively been correlating its nuclear fleet with the U.S. (NATO) deterrence strategy. The four Polaris submarines (apart from their purely national role as "ultima ratio") are tied into the strategic target planning of the NATO Supreme Command Europe (SACEUR) and operationally integrated with the Supreme Command Atlantic (SACLANT), even though the British government reserves the sole decision on their employment. In other words: the British arsenal is independent but invulnerable because it becomes part of

the large U.S. submarine potential; the French arsenal is independent but vulnerable because two or, maximally, three submarines can be pinpointed at an effective firing range.

For the European allies it was of course a political advantage to get their European share in Atlantic deterrence, and for purely political reasons it was not without problems to throw the two small strategic nuclear arsenals into the balance of nuclear arms limitation, because despite all target planning and accords in NATO, as far as the British element is concerned, an ultimately national power of disposition is not as credible to the adversary as that of the U.S. president with his incomparably larger and more flexible means. On the strike force one cannot rely in the emergency anyway, and there is no coordinated assignment planning for it within the NATO framework. The dilemma of the alliance is that one cannot at one and the same time (as in the Ottawa pronouncement) recognize the two small nuclear arsenals as a contribution to the overall deterrence by the West and, on the other hand, treat them as negligible quantities when it becomes a matter of computing a total equilibrium for the nuclear potentials found in Europe. To the NATO allies (at least to the members of the integrated command system) this thus is not a matter of principle but rather of opportunity arising to the extent that the modernization of the British and French nuclear fleets provides them with a genuine strategic significance.

From the U.S. point of view, the deterrence dialectic must remain reasonable, i.e. be based on the Washington-Moscow power ratio. Effects from third states, particularly from the loose nuclear powers of France and China, destabilize that ratio to an unacceptable extent if the two states mentioned should get to the situation in the decade ahead where they can play a strategic role, achieve a second-strike capacity and thus, as is not yet the case today, can evade a disarming first strike. Tying the weapons of the third states into the arms control process therefore is in the overriding interests both of the United States and the Soviet Union.<sup>35</sup> U.S. Vice President Bush only uttered a platitude late in September by remarking that at some time or other those arsenals would have to be drawn in. Why this is not (or no longer) possible for INF has been shown above. That is a realization, incidentally, which crystallized earlier in the famous Nitze-Kvisinski compromise. Among other things, the French government welcomed the compromise of the two negotiators during the walk through the woods as an acceptable solution for a Geneva INF agreement precisely because there the weapons of the third states were left out and postponed to a later round in (START) negotiations.<sup>36</sup>

### 3. The Position of the Soviet Union and Its Allies

While General de Gaulle was still in office, Moscow--however much it applauded his independence policy--sought to bring about a formal inclusion of the strike force as well as the British deterrent in the strategic arms limitations, but in the 1972 SALT I (interim) agreement had to settle for the letter from its negotiator Zemyonov to his U.S. counterpart Gerard Smith, which contained the demand tacitly to compensate for the arsenals of third states by a commensurate number of Soviet submarines. No reference to that effect is found in the 1979 SALT II treaty. The USSR evidently plans to deal with the U.S. FBS (forward based systems) and the weapons of Great Britain and France under the rubrics of intermediate-range systems within the framework of SALT III. Foreign Minister Gromyko

In November 1979, a few weeks before NATO's double resolution, talking with the FRG government in Bonn, reiterated the demand NATO's three nuclear powers should take their seats around that regional table. The Soviet draft treaty then presented in November 1980 in Geneva, when the "Eurostrategic" round of talks started, fully included the British and French missiles and bombers into the reputedly already existing (totally unrealistic) equilibrium situation and thereby also implied a reduction of the arsenals of the third states. The Soviet leadership always, and since 1974 with reference to the Ottawa pronouncement, insisted those weapons were strategic in nature because they were targeted against USSR territory--a fact which is of much greater importance from Moscow's vantage point than that in terms of their range they also are intermediate-range systems. That inclusion is demanded by Moscow's basic concept of "equal security," or of their inflexibly rigid bookkeeping-type of parity between the two alliances.

What was strikingly new in Andropov's December 1982 proposal<sup>37</sup> was that he abandoned Brezhnev's negotiation strategy and "Europeanized" the intermediate-range problem by separating the treatment of U.S. strategic bombers in and for Europe and sought a first INF accord with a "gliding clause" providing for reductions of strategic missiles only for the Soviet side but not for the British and the French. About the rigid rejection of it in London and Paris the Kremlin showed astonishment and anger (whether pretending or serious remains in doubt), and Soviet diplomats then had to explain Andropov had for the first time recognized the political and military value of the two small nuclear arsenals and granted them strategic equality in Europe. By no means did that mean, however, as shown by the further Soviet negotiation tactics in Geneva, that they were ready to separate the central strategic level (with the United States) from the regional strategic one, and the response to Reagan's zero option, that they were ready to renounce the medium-range potentials completely, provided France and Great Britain (and China?) also went down to zero, was pure rhetoric in view of what they knew of the attitudes of Paris and London.

Remarkable is that Yuri Andropov always announced his two "breakthroughs" in talks with Erich Honecker in Moscow, and that is not likely to be a coincidence but is meant to underscore the special role of the GDR in the European process.

Essential here is the concession of May 1983 "to bring about a parity of the nuclear potentials in Europe both for the launchers and the warheads"<sup>38</sup> (and to apply the same criterion of counting also to the strategic bombers in Europe). Thereby the Soviet Union in theory declared its willingness to go down to 94 SS-20's, that means fewer than were deployed against Western Europe in 1979, at the time of the double resolution.<sup>39</sup>

The question is whether Andropov, after abandoning Brezhnev's maximal position in the INF negotiations, sees in it the last or the first step in a serious readiness by the Soviet Union to negotiate (and whether he can make his purported flexibility prevail against all the evident resistance in his own apparatus). From the Soviet vantage point it must be the long-range goal to restrain the growth of not only the U.S. but also the third states' potential. As the table above indicates, in ten years one can (theoretically) expect 582 French (strategic) warheads and a maximum of 384 British ones (not even counting Trident II).

Andropov's gliding clause, to be sure, seeks to get to this restraint indirectly in that the increase in SS-20 warheads is planned to come in analogy with the increase in the British and French ones. They are also likely to be completely certain in Moscow about that such a formula is bound to produce considerable pressure in the West European (and American) public on the French and British governments to forget about their modernization so as to establish a nuclear balance on as low a level as possible!

The problem would merely shift but not change fundamentally if one still were to succeed, based on the Nitze-Kvisinski compromise, in inserting the problems of the third states in the global START negotiation process, because that would demand of the United States to count the two small potentials (and that of the Chinese) as being on its side. However the Geneva negotiations may end, France (and Great Britain) can no longer evade the push that comes from having nuclear arms. General de Gaulle could not have foreseen this 25 years ago. He would, undoubtedly, have behaved very much unlike his successors and would have made a virtue out of necessity by fully and constructively bringing the whole political weight of France to bear on the arms control policy of the world powers and their alliances.

#### FOOTNOTES

1. For the beginnings of nuclear armament, cf. the memoirs of General C. Ailleret, "L'aventure atomique française" (The French Atomic Adventure), Paris, 1968.
2. For this and the text of the WEU protocol, cf. W. Schuetze, "Frankreich und seine Verteidigung in Dokumenten 1958-1983" (France and Its Defense in Documents, 1958-1983), Frankfurt/Main 1983.
3. Ibid., chapter on the start of nuclear armament.
4. Quoted from A. Passeron, "De Gaulle parle" (De Gaulle Speaks), Vol I, Paris, 1966.
5. A total account of the early years of the Fifth Republic and de Gaulle's nuclear policy is provided by G. Zieburg, "France--Theory and Practice of the Fifth Republic," "Die Internationale Politik 1958-1960," Jahrbuch des Forschungsinstituts der Deutschen Gesellschaft fuer Auswaertige Politik, Munich/Vienna, 1971; also cf., above all, C. de Gaulle, "Memoires d'Espoir, Le Renouveau 1958-1962" (Memoirs of Hope, the Revival 1958-1962), Paris, 1970, German edition Vienna, 1970.
6. Cf. W. Schuetze, op. cit [footnote 2], appendix on opinion surveys. To a question of November 1982 about what they would trust most in case of a direct threat against France, 18 percent said nuclear weapons, 28 percent, conventional weapons, 20 percent, armed resistance by the entire population, 17 percent, passive resistance.
7. On domestic dimensions, cf. W. Schuetze, "French Nuclear Armament as Reflected by Parliamentary Debates," EUROPA-ARCHIV, Vol 16 (1961), No 9.

8. C. de Gaulle, op. cit. [footnote 5], account of his first meeting with FRG Chancellor Konrad Adenauer at Colombey-les-deux-Eglises on 14 and 15 September 1958.
9. Ibid., Charles de Gaulle on his talks with the Soviet party chief during his official visit to France.
10. On de Gaulle's offer to the British Ambassador to Paris, Christopher Soames, cf. H. Wilson, "The Labour Government 1964-1970, a Personal Record," London, 1971, p 610; A. Fontaine, "Comment avorta le dialogue franco-britannique" (How the Franco-British Dialogue Failed), LE MONDE, 11 March 1969.
11. A. Beaufre, "Introduction a la Strategie," Paris, 1963; "Dissuasion et Strategie," Paris, 1964.
12. General C. Ailleret in a contribution in the journal REVUE DE DEFENSE NATIONALE, December 1967.
13. Chief of general staff Michel Fourquet revised the Ailleret doctrine in a speech before the Institut des Hautes Etudes de Defense Nationale, Paris, held while de Gaulle was still president and published in May 1969 in REVUE DE DEFENSE NATIONALE.
14. Ibid.
15. "Livre Blanc sur la Defense," May 1972. The most important passages in W. Schuetze, op. cit., [footnote 2].
16. On the development of the doctrine and the relation with NATO, cf. L. Ruehl, "La Politique militaire de la V. Republique," Paris, 1976, and J. Gerber, "France's Special Role in the Western Strategy," FRANKFURTER ALLGEMEINE, 27 April 1977.
17. Contribution by General G. Mery in DEFENSE NATIONALE, June 1976.
18. For the internal French strategy debate see the detailed account in the report of the Balancing Commission (on the tenure of Giscard d'Estaing), published in February 1982 under the title "La France en Mai 1981" by Documentation Francaise, Paris; in German, see W. Schuetze, op. cit., [footnote 2].
19. On the position since the change in power in May 1981, cf. W. Schuetze, op. cit. [footnote 2], "Introduction and Documents," and P. Krop, "Les Socialistes et l'Armee," Paris, 1983.
20. Cp. in particular W. Schuetze, "Pierrelatte, Focal Point and Symbol of France's Nuclear Policy," EUROPA-ARCHIV, Vol 17 (1962), No 16.
21. Details in L. Ruehl, op. cit. [footnote 16].

22. Cf. Y. Boyer, "French National Defence Policy and the New Majority," Occasional Papers No 4/E, Program for Strategic and International Security Studies, Geneva, November 1981. The proportion of "tactical" nuclear armed forces to the total nuclear spectrum is relatively modest: in terms of manpower, 8,260 compared with nearly 19,000 soldiers for the strategic armed forces, in terms of budgets (1981), 3.37 billion francs as against 16.45 billion francs for the latter.
23. Cf. positions taken by government representatives and those of the SP, in W. Schuetze, op. cit. [footnote 2].
24. Source: "The Military Balance 1982/83," International Institute for Strategic Studies (IISS), London, 1982; and Y. Boyer, op. cit. [footnote 22].
25. Source: Paris Defense Ministry, Information Service (SIRPA); cf. also the statistical appendix in W. Schuetze, op. cit. [footnote 2].
26. Cf. W. Schuetze, "France's Defense Policy Facing Tough Decisions," MARINE-FORUM (1983), No 6.
27. France did not sign the Partial Test Ban Treaty of Moscow, 1963, the Non-Proliferation Treaty, 1968, the Convention on the Prohibition of Bacteriological Weapons, 1972, and the Seabed Treaty, 1972; cf. J. Klein, "Disarmament or Arms Control: The French Position under the Fifth Republic," ETUDES INTERNATIONALES, 1972, No 3, and "Continuity and Opening in the French Disarmament Policy," POLITIQUE ETRANGERE, 1979, No 2.
28. Speech by Prime Minister Pierre Mauroy before the Institut des Hautes Etudes de Defense Nationale, Paris, on 20 September 1983. His formulation: "Defense systems" could also include anti-submarine and anti-satellite systems.
29. The most important passages verbatim in W. Schuetze, op. cit. [footnote 2].
30. Cf. O. Maetzke in FRANKFURTER ALLGEMEINE, 14 February 1983.
31. Text in L'HUMANITE, 1 June 1983.
32. Verbatim in L'HUMANITE, 13 July 1983.
33. Speech of 19 July 1983, cf. LIBERATION, 20 July 1983.
34. Cf. T. W. Stanley, "The Nuclear Debate Within NATO--Washington's Views," EUROPA-ARCHIV, Vol 17 (1962) No 16.
35. The June 1973 San Clemente U.S.-USSR Agreement on the Prevention of Nuclear War, in Paris was interpreted as evidence that the two world powers were seeking agreement on neutralizing the ignition function of French or Chinese weapons in the future. French government circles were talking of a "nuclear Yalta" at that time.

36. President Mitterand in his TV interview early in June 1983 and in his speech to the NATO foreign ministers in Paris the same month. Details on that in the interview with Defense Minister Charles Hernu at Suedwestfunk, 31 July 1983.
37. Report from Yuri Andropov on the 60th anniversary of the USSR, during the joint session of the CPSU Central Committee, the Supreme Soviet and the RSFSR Supreme Soviet, 21 December 1982. Published verbatim in ACTUALITES SOVIETIQUES, Moscow, special supplement January 1983, No 327.
38. Yuri Andropov speech at the festival banquet in the Kremlin in honor of the GDR delegation headed by Erich Honecker on 3 May 1983. The essential parts of the dinner speech in ARCHIV DER GEGENWART, 1983, No 18.
39. The French strategic potential (sea and land-based) today has 98 warheads and the British, 192 (64 sea-based missiles with three warheads each), making it a total of 290, equivalent to 94 Soviet missiles with three warheads each (282). According to U.S. reports, the USSR had deployed 120 SS-20's, targeted on Western Europe, in December 1979.

5885

CSO: 3620/107

## PASOK CRITICIZED FOR MILITARY PERSONNEL POLICY

Athens AKROPOLIS in Greek 10 Nov 83 p 5

[Text] Immediately after the political reform of 1974 a lot had to be done in the Armed Forces. First and foremost calm and discipline had to be restored to the Forces which had been grievously wounded by the 7 year [Junta]. And the Armed Forces had also to recover the prestige and the confidence they had lost.

Secondly some defensive work had to be done to complement the defenses of the nation (especially in the islands' zone). Our defense problem had to be posed chiefly in terms of the threat from the East and defense schemes worked out accordingly.

Thirdly, despite the fact that impressive orders for weapons systems had been placed, their delivery was being delayed. And there were also many deficiencies in war materiel which had to be immediately rectified.

A tireless attempt, methodical, systematic and discreet began to solve those burning problems. And within a short period of time both peace of mind and discipline were restored in the Armed Forces while the organization of defense with special emphasis on the island zone was also completed and the delivery of the materiel ordered was effected. At the same time, new orders for other kinds of weapons were delivered to the nation.

Fighting capacity and defensive measures put Greece in the position of being able to face any kind of threat.

## Took Over a Strong Army

Thus when the PASOK came to power it took over strong Armed Forces which could guarantee to the full the freedom and territorial integrity of the nation. And the declarations made by the Premier when he took over the Ministry of National Defense from the present leader of the major opposition party are significant. Those declarations were a recognition of the work done and a denial of many of the avowed positions of the PASOK when it was in the position of major opposition. But recognition and justification did not take place on that day only. They continued in practise, with the tactics the PASOK has followed on many questions even though it had launched wild attacks against such tactics when it was in the opposition.

Some examples prove this:

In the days of the New Democracy the PASOK criticized the gigantic effort initiated to create a war industry of weapons etc., which are beginning to be manufactured now and which had been formerly the target of the PASOK [attacks].

Today the Pasok relies on the war industry the New Democracy established.

#### Productivity

The real question is: "If in the name of the social-marxist methods which are being followed productivity had declined in the factories and if in many sectors they are not operating properly."

Formerly the violation of the national air space by Turkish airplanes cause the indignation of the PASOK against the governments of the New Democracy whose instructions to the Air Force were only to identify and deter.

With a torrent of declarations today's Head of the State poured out his accusations. Today he too follows the same tactics.

Formerly the leader of the PASOK thundered "You have sunk the NATION." Today he no longer dares say it. And not only this, but the most provocative violations by the Turkish Air Force units are viewed by him as "harmless crossings."

Today, after 2 years, the defense of the nation is undamaged and the fighting capacity of the Armed Forces continues to stand at a high level. But this does not mean that there were no mistakes, negligences or acts of "an unusual nature" for the Army which, undoubtedly, were not a positive contribution to the functioning of the defense mechanism. And at the source of all this was the attempt by "some" to introduce partisanship into the Armed Forces. Fortunately the attempt was fruitless because it was countered by the reaction of many elements, some of them governmental.

#### Lack of Discipline

However, the damage had been done. We will only refer to a few specific cases:

First, the instances of soldier insubordination which occurred from time to time in various units and which were referred to in the questions and the interpellations of deputies of the opposition.

Second, the steady rise of crude unionism in the Armed Forces which has a very adverse effect on discipline.

Third the emergence of "hood wearers" who have debased the concept of the soldier and reached the point of giving interviews openly.

The Under-Secretary of National Defense Mr. Drosoyannis himself noted the "phenomena" and said that measures are under way.

But the root of the evil is not where the Under Secretary of National Defense wants to strike it. It is elsewhere, in the so-called democratization of the Armed Forces and "in the struggle for better living conditions."

With such slogans breaches of discipline and, very often, penal, damning wrongs are committed.

It is with such slogans that discipline is abolished sometimes. As was denounced in Parliament soldiers, supposedly in the name of Democracy, have insulted their officers in the most vulgar manner. Occurrences are numerous and significant.

This situation was created by the so-called "new wind" which blows in the name of Democracy.

If it goes on, this situation will reach dangerous proportions.

The efforts of the Communist Party to infiltrate the Armed Forces are obvious. It would be unfair to say the attempt is new. It is an old one. But the difference is that in the past it could not succeed. The opposite is happening today and this is made easier by some of the measures that are being taken.

A typical example is the abolishing of the certificate of social convictions. This is very revealing. Think how many members of the KNE [Greek Communist Youth] or organized members of the KKE [Greek Communist Party] can be promoted after a few years to permanent second lieutenants.

This attempt at infiltration has been confirmed in the most categorical manner as also by the "interest " the official organ of the KKE displays for the Armed Forces. It is significant that it has devoted a special page to them and it is revealing that from time to time it publishes classified material there.

Another matter about which the government has no reason to feel pride is the spite shown toward some officers because politically they side with the New Democracy. Those officers had impeccable records, unimpeachable careers, recognition from the entire Corps. And yet they were pensioned off. Could it be because other "green" officers had the power to impose their views?

The Suicides

Fortunately however, the persecutions did not acquire the aspect of the wave which became noticeable in other areas of public life.

Something else that should be noted as a phenomenon and the reasons for it looked into, is the increase of suicides among soldiers.

We do not claim that no suicides occurred in the past. They did. But now their number has considerably increased.

Of course they cannot be ascribed to the "living conditions and harassment" as the "hood wearers" claim.

Something else is happening for which it would be unjust to lay the blame on the government. It could be held responsible only if it does not investigate fully the "phenomenon" whose dimensions have admittedly increased.

To all of this must be added the rise noted in the thefts of weapons and other war materiel from various military units.

Indeed, during the last 2 years, as is made clear by the questions deputies ask and by newspaper articles, it was found that materiel was missing from armories. The most serious case was the theft of missiles from armories in Chios.

Our last remark is related to the "purchase of the century" that is to say the order for 100 of the latest model airplanes, which will cover the needs of the Air Force for the next 10 years.

The order had been decided on during the rule of the New Democracy governments and by the middle of 1981 all the preparations had been completed. The market had been investigated, offers were made and finally the relevant Committee of the Air Force General Staff, after an exhaustive and detailed study, had settled on 4 types of airplanes from which the final choice could be made. Those airplanes were the "Mirage 2000", the "Tornadoes", the "F16" and the "F18".

When the PASOK came to power it examined the question all over again and finally ended with the same choices.

But, from delay to delay, valuable time was lost and a few days ago the Premier, who was in London, made a declaration which implied that the delay in ordering was due to... middlemen and commissions. Following which the governmental Press, interpreting the Premier's declaration and referring to reliable sources, mentioned that the government might go as far as to cancel the order in order to exclude middlemen and commissions.

#### Loss of Time

But ordering the airplanes is not a commercial operation. It is a vital national need of the utmost significance. The loss of time in acquiring the airplanes has many negative aspects. Because, first of all, this delays the modernization of the Air Force, precisely at a time when our neighbors intensify their efforts to bring their Armed Forces up to date, particularly the Air Force with the specific aim of gaining air supremacy.

Therefore, instead of talk of cancelling the order, would it not be wiser for the Premier to uncover the middlemen and if there were persons who took commissions to initiate against them the standard procedures?

It is not necessary to go into further details to show what happened exactly in some cases, in the Armed Forces. As was said at the beginning, the matter is particularly delicate and sensitive.

Therefore we shall go no further. And we sincerely hope that the episodes which have occurred will be the last ones.

## COUNCIL OF STATE RULES ON MILITARY AFFAIRS

Athens TO VIMA TIS KYRIAKIS in Greek 6 Nov 83 p 1

[Text]The Council of State ruled that the military can have in their units every kind of written material of a political nature (newspapers, magazines, books etc.) but they must not read them if there is a possibility that they will, directly or indirectly, undermine military discipline.

The Council of State ruled also, in the minutes pertaining to the review of the presidential decree on "The Ratification of General Regulations on Military Service" that the provisions of the new regulations, which forbid any kind of political activity in the army and specify that the recruits who had been members of a political association before their induction into the army must suspend their political and trade union activities for the duration of their service, are lawful.

In particular the Supreme Court (5th Section of the Council of State) ruled:

.Unanimously: that the provision of the Military Regulations which forbids the military to have in their military units written materials of a political nature which might, directly or indirectly, undermine military discipline, as well as publications of a clearly anti-military character, is illegal and anti-constitutional.

.By a majority of votes: that the same provision, insofar as it forbids the military to read the above mentioned political printed material and any written material that has a clearly anti-military character, is legal because of the State's special relationship of authority with the military and also in view of the special regime of discipline under which they function. This provision will have to be complete to comply with article 14 of the Constitution.

.Unanimously: that the provisions of the Military Regulations which stipulate that female non-commissioned officers are juniors as regards seniority in relation to men in the same category and of the same rank, are anti-constitutional. The specific provision (article 8 paragraph 8) is not legal because it is in opposition to the provisions of articles 4 and 116 of the Constitution which expressly state the general principle of equality in the sector of social position and the legal aspect of relations between the 2 sexes.

.By a majority of votes: also that the provision of the Regulations (article 25 paragraph 7) which requires permanent cadres of the armed forces to have the permission of their Service for their participation in scientific, professional sports Associations, Unions or Corporations, is legal.

## AEROFLOT PLANES SPY ON AIR FORCE BASE

Amsterdam ELSEVIERS MAGAZINE in Dutch 12 Nov 83 p 33-34

[Article by Sjoerd van der Werf: "Aeroflot Planes Conducting Espionage"]

[Text] The Transport and Battle Command Headquarters of the Dutch Air Force in Nieuw Milligen has serious complaints concerning the course deviations of Russian commercial aircraft over our country. There are strong indications that they are indulging in espionage activities.

"We are not at all happy with the course deviations of Aeroflot planes over our territory," says Colonel H.W. Plazier, commander of the Battle Command Headquarters, equipped with super-sensitive radar scanners in the Veluwe Forest. "But there's nothing we can do about it since official permission is always granted for these deviations. This permission comes from the air transport control center in Schiphol, that is, the national air transport service, and then they immediately inform us about it. If they don't, we get right on the phone."

The official reasons for such a request for permission to change course are numerous, but a fuel-saving maneuver seems to be one of the most frequent motives. That sounds not at all unreasonable. But the people at Dutch Mill, as the headquarters is called, think it very strange that Aeroflot planes fairly often overfly an area like the Leeuwarden Air Base. Says Colonel Plazier: "The incident of the Korean airliner shot down by the Soviets has obviously stirred up discussion in our country again on the question of who should grant permission for this sort of deviation from the flight plan."

People in Nieuw Milligen are satisfied with the cooperation with the civilian air traffic control at Schiphol. "If things keep going the way they have for several years with Eurocontrol, we'll consider ourselves fortunate. But they could give more consideration to the military implications and shouldn't grant permission for course deviations that allow planes to fly over such a sensitive area as the Leeuwarden Air Base," claims Plazier.

Is there strong evidence for the belief that Russian commercial planes are being used for spy missions? Colonel Plazier shakes his head: "No, there isn't. But the fact that more than once the people at Schiphol have been unable to inspect an Aeroflot machine from top to bottom naturally makes you wonder. There are almost always compartments they aren't allowed to enter."

This kind of thing is occurring in other countries as well. On 17 May this year, a Tu-134 charter flight from Brest to Moscow deviated at least twice from its assigned course and flew over three important military bases. The French forced it to land and inspected it. However, the results of the inspection were never made known. This same thing happened in the United States, not only with Aeroflot but also with LOT and CSA planes--aircraft of the Polish and Czech national air lines. Recently, West German television showed a picture of an Aeroflot plane at the Frankfurt Airport with distinct, "lens-shaped protruberances" on the fuselage. According to the Ministry of Defense in Bonn, the planes repeatedly deviate from the prescribed routes in order to fly over NATO installations and photograph American bases.

The Pentagon claims it is certain that many commercial planes in the Aeroflot, LOT and CSA fleets are equipped with spy cameras or listening devices. "But," adds an American official, referring to the Korean airliner incident: "we haven't ever simply shot one of them out of the sky." Colonel Plazier supports this observation: "With us--in NATO that is--the first principle is not to take an action which could escalate a situation. Our position is that 'hostile action' must be committed--say, a bomb dropped--before the order is given actually to bring down a plane. It might sound incredible, but, for us, even opening the doors of the bomb bay doesn't constitute a hostile act. It's possible, at least in principle, that a Tupolev or Ilyushin would then just drop some propaganda leaflets." Colonel Plazier stresses that he is talking about a situation in peacetime and that during a real conflict "different rules" would naturally apply.

And what if an Aeroflot plane deviated from its route without permission? Colonel Plazier: "In that case, we certainly wouldn't fumble around a couple of hours as the Russians did during the Korean Airlines Boeing incident. We would immediately be in contact with Leeuwarden or Soesterberg, where planes would be sent up for an interception. They would attempt to warn the plane's crew by signals or by radio that the flight's conduct was 'unacceptable.' There are international procedures for this. But to simply shoot it down? Of course not. Inconceivable." For Dutch Mill, the most important rule is and always will be: never do something that might allow the situation to get totally out of hand.

But in the hot, much too small, underground bunkers of the headquarters in Nieuw Milligen, Plazier and his staff look on with growing exasperation as the Aeroflot planes cruise over the Leeuwarden F-16 base easily and at no risk.

9992

CSO: 3614/15

## CONTROVERSIAL OFFICER'S OPINIONS ON MILITARY REFORM

Madrid DIARIO 16 in Spanish 25 Nov 83 p 2

[Article by Cavalry Capt Jose Luis Pitarch: "The Reform of National Defense"]

[Text] Once again Captain Pitarch has been sentenced to 3 months in jail for voicing his opinions on national defense. Because he is an honorable man, however, he conveyed to us his views on Minister Serra's current program of reform before entering prison. Let us hope that this article gives rise only to a reasonable exchange of opinions.

On 28 October the Official Gazette of the Congress of Deputies published the bill to amend the organic law on national defense and the military organization (which the previous legislature had passed in early summer 1980). Immediately thereafter came Mr Verstrynges's withdrawal of authorization for the bill, comments by Emilio Romero (who this time was at odds with his bosses in the paper YA, which stated in an editorial--Oh the things we are forced to read!--that the Spanish Armed Forces are not and have never been political") and by many other newsmen and columnists, and even the intervention of the minister himself, who gave his first "in-depth" interview on Spanish Television no less, on a prime-time heavily watched program. If the military issue is always a political one (especially since Clausewitz and Lenin/Trotsky), related legislation is particularly so, and much more so in a country that bears the deep mark of military dictatorships and interventions.

The bill ultimately aims at eliminating once and for all from the Armed Forces the remnants of longstanding traditions and inertias of oversight, autonomy, patronage...in other words, to outlaw, once and for all, all of the military's Third World characteristics. What this simply means is taking after the rest of Europe, the United States, Canada, Japan, in other words, the countries with which it is worthwhile to compare ourselves, instead of the coup-plotting military men of Latin America or Africa. For this very reason the issue is a hot one, because some groups are well aware that they will never see their interests prevail (over the interests of the majority) unless they organize a military

rebellion, and there are others that go along with democracy, but "to a limit" and do not lose sight of the fact that "the military has always saved civilization." This is, in other words, the age-old line of Donoso-Cortés-Ramiro de Maeztu (which surely did not foresee Armed Forces like Ethiopia's or Poland's under Jaruzelski, because here the military is praised as long as it does not compromise certain things. If it does, we know what happens: Neither Maeztu nor Mengistu Mariam, but instead Reagan and the "big stick").

I must confess that I find it difficult to summarize the one thousand and one facets of this bill that ought to be looked into, lest we be guilty of a superficial approach. Let us look now at the constitutional aspect. Article 8.2 of the constitution establishes that "an organic law shall govern the foundations of the military organization." It does not specifically mention "defense," but the UCD [Democratic Center Union] in 1980 and the PSOE [Spanish Socialist Workers Party] in 1983 felt that the two ought to be regulated together. Nevertheless, there were experts who as far as back as 1979 came out against an organic defense law. One of them was the general who uses the pseudonym "Juan de España." They cited the historical and political problems connected with our Armed Forces and felt that the concept of "defense" should not be extended beyond military matters, that it should not comprise all of the nation's activities. This is in keeping with the usual practice in the developed countries.

What really worried the general 4 years ago was that assigning missions "to carve up the pie" would be a serious obstacle to the government's use of the Armed Forces: "There is no plan that can stand up to a confrontation with reality," as Clausewitz said. I think that his analysis, albeit somewhat incomplete, is very useful, because the point is that since we are not talking about attacks or the offensive (let us leave that for empires), but instead about defense, flexibility (which in a way means the ability to improvise or to adapt to future circumstances) is just as important or more important than planning. Moreover, the government should not tie its hands more than it has to in proposing legislation on defense.

In this vein, we can cite the example that the two traditional branches of the military at the turn of the century (the army and navy) expanded to three by the Second World War and have continued to increase in number. The Soviet Union, in fact, has five branches (the fourth and fifth are the Strategic Attack Forces and the Forces for Defending the Territory Against Air Attacks). Some time ago in Spain a proposal was made to make Air Defense (mainly army and air force units) independent of the commands of the three branches. This did not come about entirely (although a specific command was set up that did not come under any of the military ministries but instead was subordinate to the Superior Staff) because of the obstacles that the former erected. There have also been noteworthy instances of factionalism, for example, in opposition to the unification of the arms and materiel organizations of the three branches.

In short, the law ought to give the government enough maneuvering room to overcome this kind of obstacle to unification and, at the same time, to cope with the new situations and demands arising from the technological revolution and the multiplication of Armed Forces components. Moreover, the government must have sufficient legal power to quietly settle any potential questions of jurisdiction. Lastly, none of the functions of the Cortes should be usurped.

The reform bill that the administration submitted last month also prompts certain almost automatic comments. It does not touch at all on the issue of the Civil Guard or military service. Both of these issues were widely debated and "reformed" in 1980 when Alberto Oliart chaired the Congressional Defense Committee. At that time, the Catalan minority, the Socialist group and the Andalusian group, among others, asked that military service be rendered preferably in the local region or nationality, to which Fraga objected, citing the danger of some sort of regional militias developing. In addition to the amendment of the defense and organization law, the administration has today submitted another military service bill. There was also debate at the time (and perhaps it would not be pointless to raise the issue again today) as to whether defense, which is entrusted basically to the branches of the military, should be construed explicitly as "any form of aggression" (see Article 2 of the law). Bearing in mind the political impact of terrorism, the big political trump card of those wishing to subvert the democratic State, we should reflect on the extremely broad scope of Article 2, which perhaps goes too far and which the bill we are commenting on does not address.

8743

CSO: 3548/126

## DECISION PENDING ON NEW LOW-LEVEL ARMY MISSILE

Madrid EL ALCAZAR in Spanish 25 Nov 83 p 10

[Article by Alfredo Florensa]

[Text] The Defense Ministry must soon submit to the Council of Ministers its report on which low-level antiaircraft missile the army should acquire. After several postponements, which prolonged the country's defenselessness against low-level air attacks, the lists of bidder concessions were finally handed in last 15 October. There is an extremely large political component to the decision. Now that the U.S. contender has been practically ruled out, the competition between the two European bidders places Spain's negotiators in a fine position to make headway towards the creation of missile industry here.

The systems vying for the 33 billion peseta contract are the U.S. Chaparral from Fort Aerospace, the Rapier from British Aerospace and the German-French Roland from the Euromissile consortium.

The decision was supposed to have been made 2 years ago. The military initially preferred the Chaparral, which was older but priced lower, thus enabling more units to be purchased. In reference to unit "cost" and "number," industrial sources told EL ALCAZAR that "these are not, in any case, specific guidelines, because cost-effectiveness has to be considered. So, buying more missiles at a single price does not necessarily mean that they will be more effective, because a single more expensive unit might be more effective than three of the less expensive model."

A new study was ordered in September 1982, focusing on bidder quid pro quos in particular. The contract signing was scheduled for March or April. It was later postponed to sometime before summer, and finally Defense set the close of this year as the deadline.

#### The Chaparral, the Least Likely Choice

There are two determining factors in the decision now: the transfer of enough state-of-the-art technology to achieve a high manufacturing level, and the political gains that the purchase entails. On this

latter point the Spanish negotiators seem to be "in the driver's seat" and can use the transaction to effect changes or to "reward" one or another nation.

According to observers, these circumstances are of no help to the American option. Although it offers the most extras, its technology is almost 20 years old, which would not give the domestic industry a modern working base. The political reason has to do with the Defense Ministry's instruction to cut U.S. weapons imports, after the purchase of the F-18's, to compensate our European allies.

Hence, the choice is almost certainly between the Rapier and the Roland, which offer very similar economic quid pro quos: 50 percent of the amount of the purchase.

Would the British Discuss Gibraltar?

In contrast to what happened in the early 1970's, when the Wilson administration vetoed Spain's purchase of British frigates and the Leopard I tanks (with British guns), the British Government now fully backs the Rapier sale. Yet Madrid would negotiate only if major political concessions were offered, high-level Defense officials feel.

The feeling is that such concessions, which were not offered with the FACA (a transaction 10 times as large as this one), will not be granted this time either. The United Kingdom is not prepared to negotiate sovereignty over Gibraltar, which is "the issue."

Although the representatives of British Aerospace feel that "the government is going to further tighten the economic screws on us," Undersecretary of Defense Geoffrey Edwin seems to have focused on politics during his recent visit.

The British offer includes the formation of a two-nation consortium to manufacture and export the missile for the Spanish Army and for Arab and Latin American nations (a touchy market for the British in the wake of the Falklands fighting). There are guarantees for half of the Spanish order manufactured here, with the "confidence" that production can be doubled in a few years. According to the British, the technology to be transferred will give Spain strategic independence, because all components, except the gyroscopes, would be manufactured here. Without a gyroscope a missile is like a ship without a compass.

Another British offer, "provided that the British Army does not object," is the production of the entire Rapier Laserfire, a new laser-guided missile mounted on a small truck.

### The Roland Option

For their part, the representatives of Euromissile have insisted that the German side of the French-German consortium is handling most of the transaction with Spain, contrary to the reports that the Roland is French. According to them, "Germany has no disputes with Spain and, moreover, supports Spain's involvement in major European arms programs (the ACA aircraft, the European tank of the 1990's, etc).

Although the military has broad discretion as to how the missiles will ultimately be deployed, even vis-a-vis the manufacturers, there is apparently some interest in mounting several on caterpillar-tread vehicles. Euromissile has reportedly offered to mount the Roland on the AMX-30 chassis, which would give extra work to Santa Barbara. Both the U.S. and British model would probably require imported caterpillar-tread vehicles.

The components of the Roland would be manufactured entirely in Spain by companies in the electronics and military divisions of the National Institute of Industry. According to the bids, 10 percent of the production would be to meet Spain's needs, and the remaining 90 percent for guaranteed exports, the representatives of Euromissile said.

The first Roland missiles might arrive in Spain before this coming summer (the German Army might even give up a few), and domestic production could begin in 18 months. German technicians would travel to Madrid to train Spanish company personnel.

8743

CSO: 3548/126

## GOVERNMENT WANTS ADDITIONAL NEW TAX TO PAY FOR SUB HUNTING

Stockholm SVENSKA DAGBLADET in Swedish 11 Nov 83 p 8

[Article by Erik Liden]

[Text] The government has recommended that parliament allocate an additional 250 million kronor to improve antisubmarine measures.

The funds would be provided by the increase in the oil tax by 120 kronor per cubic meter, which occurred on 1 November. As early as last April the submarine commission stated that 200 to 250 million kronor was needed immediately to improve our antisubmarine defense.

## Reconstruction

Naval Commander Per Rydberg now will be able to have four air force helicopters converted for antisub activities and order four more mine sweepers from the Karlskrona shipyards. Two are under construction there now.

Defense Minister Anders Thunborg said in the proposal that the antisubmarine effort must be intensified as soon as possible. The reconstruction of helicopters must be accelerated and the underwater patrol system must be intensified.

## Faster

In some respects, Thunborg wants to proceed even faster than the pace proposed by Commander in Chief Lennart Ljung in a report presented on 16 September. The commander in chief subsequently made additional recommendations, including the right to induct recruits for submarine hunting.

Thunborg said he was now willing to delegate induction rights to the commander in chief. He also will investigate the possibility of simplifying and speeding up the purchase of defense materiel.

## Negotiations

Thunborg also announced that negotiations were underway with the personnel organizations to change the agreement on working hours so that overtime would not prevent the rapid implementation of antisubmarine measures. Inductee training will be difficult under present conditions if overtime cannot be used for antisubmarine missions.

## GOVERNMENT GUIDE FOR LIVING UNDER FOREIGN OCCUPATION VIEWED

Stockholm DAGENS NYHETER in Swedish 18 Nov 83 p 5

[Article by Mats Carlbon and Ingemar Lofgren]

[Text] A new edition of If War Comes is currently being prepared. This publication is intended to prepare Swedes for war.

It is a poorly written publication according to critics. It assumes that the enemy troops are gentlemen.

We must assume that the enemy will abide by international law, the National Psychological Defense Planning Committee responded.

It is estimated that the new edition of If War Comes will be ready for distribution within 2 weeks. But it will not be distributed to every household, as previous editions were.

That would be too expensive, according to the authorities. For this reason, about 30,000 copies are being printed. They will be used primarily for training within the overall defense system.

But there is another reason, as well: the people should not be frightened without reason, according to the Total Defense Chiefs Committee, which bears the ultimate responsibility for the publication.

## Rights

The Swedish people will obtain the publication only after war has broken out.

The contents of If War Comes have been criticized by many reviewers. The call for defense at all costs has been toned down. Instead, the publication emphasizes the rights Swedes have in case of an occupation.

"The occupation will almost appear to be a desirable condition of law and order, after the military has been forced to retreat," the coordinating section of the Defense Ministry said in its reply. "As a result, an exhausted populace could give up too readily in order to achieve the conditions described here."

## Civilians

The publication states that civilian objects such as humans and production facilities cannot be attacked by the enemy, since this is against the laws of war.

If Sweden is occupied, according to international law, it is only a temporary assumption of power. Swedish law is still valid.

The enemy must supply food and medical care to the people. The enemy cannot exercise force against civilians, violate personal integrity, or mete out punishment without a trial.

Former department head Lars Danaro was responsible for the Defense Ministry's reply.

## "Flattering Picture"

"A pleasant, flattering picture of the enemy is presented," he told DAGENS NYHETER. "But there is not one example in the history of war in which international law has been followed."

"As an example, according to international law the enemy is required to supply food to the civilian population. If there is a food shortage, however, it is the enemy's own troops that will receive food."

Lars Danaro also believes that the publication should be distributed to every household in the country as soon as possible.

"According to all indications, a future war will take place in an extremely short period of time. If Sweden is attacked, the Swedes will be at a loss as to what to do. They would have no chance to receive the publication at that time."

The civil defense commander for the eastern district also had some comments on the picture of the enemy presented by the publication.

"People may get the impression that war is not so bad," director Alex Ryden told DAGENS NYHETER. "That could lead to a shock, since there are no gentlemanly armies of occupation."

## Emphasis

Per-Axel Landahl, department head at the National Psychological Defense Planning Committee, coordinated the writing of the publication If War Comes. He does not agree that the call to resistance has been toned down, since there still is a section on this topic.

We asked Landahl why the committee emphasized our rights vis-a-vis the occupation army to such an extent.

"This is because parliament has decided that the regulations of international law shall be followed and that this information should be distributed among the Swedish people," Per-Axel Landahl told DAGENS NYHETER.

Naive?

Landahl was asked if it were not naive to believe that an army of occupation would follow international law.

"We cannot write in a government publication that occupying forces would ignore international law. Every effort should be made to make other countries accept the regulations. As a result, we must be clear on this issue ourselves."

We asked if there were any examples in history where soldiers followed international law.

"During World War II the soldiers followed international law rather well in certain instances," Per-Axel Landahl said.

9336

CSO: 3650/51

## ARMY CHIEF OF STAFF DEFENDS CONSCRIPTION SYSTEM'S VALUE

Stockholm 7 DAGAR in Swedish 11 Nov 83 p 14

[Article by Krister Larsson, Army Chief of Staff]

[Text] In 7 DAGAR No. 40, Hans Lindblad presented his outline for a more effective Swedish defense system. His plan is to train considerably fewer inductees, which would mean that the universal draft system would be abandoned.

It is disturbing that such an otherwise knowledgeable expert on defense policy would make such an unfounded assertion. His article lacks any analysis of how many combat units the military needs to carry out its assignments. In addition, Lindblad's description of the army is false and misleading.

A future attacker will have units with high mobility and an extensive capacity to land airborne troops. An attack against Sweden probably will occur over a broad front and reach deep into the country. This war would be waged over a much larger area than previously. The new technology also will make it possible for the aggressor to choose, conceal, and rapidly change the direction of his attack. We must offer resistance wherever he attacks, in order to limit his freedom to act and make troop movements more difficult. Important areas such as border crossings, harbors, beaches, air fields, bases, important defense facilities, communications, and railroad junctions must be defended. We also must be able to gather large numbers of troops to strike against the aggressor or to offer prolonged resistance, over a large area if necessary. These tasks can be accomplished only by a large number of ground forces. Such troops can be supplied only through universal conscription. The need is actually even greater.

We must also consider the other advantages of universal conscription. When the number of draft-age men drops during the 1990's, measures over and above universal conscription may be needed.

Lindblad characterized reserve training as a waste. It is absolutely necessary. Our defense must be maintained over a large area for a long time. Combat losses must be replaced by personnel trained during times of peace.

The army has been gradually modernized, although for economic reasons the materiel has not been renewed at the desired rate.

But the most recent defense plans of 1977 and 1982 gave the army the possibility of replacing old materiel in order to create effective combat units for the 1980's and the possibility of developing units that will be effective during the 1990's.

The present number of modern brigades can be maintained and modernized. There are plans to develop new, light combat vehicles for antitank activities. Personnel vehicles are being developed that eventually will be provided to the modernized brigades.

Older materiel no longer needed by these brigades will be transferred to other combat units following modernization. In this way, these other units will obtain sufficient equipment to carry out their more limited assignments. Even brigades that cannot be modernized as extensively as we would like can carry out well planned and well prepared defense and delaying assignments.

Thus, the army is using the available technology to strengthen our fire power with modern equipment that is well suited to combat in our terrain and to the limitations of our present induction period. Most of our materiel is manufactured by Swedish industry. Future technological developments will make it possible to continue this trend.

The goal of our basic training is to produce well coordinated companies and battalions. Reserve training is designed to keep alive the knowledge gained in basic training. Both good basic training and consistent reserve maneuvers are needed if our combat units are to carry out their assignments immediately following mobilization. Lindblad is correct when he says it would be ineffective to discontinue reserve training.

It would be possible, using approximately the present training period, to improve training in order to correct some of the problems we now have with regard to both training of the individual soldier and coordination of the battalions. By giving conscript officers better preliminary training, which is now being considered by the conscription committee (of which Lindblad is a member), they could be utilized more extensively in inductee training. They also could take more responsibility for reserve training.

The 1982 defense plan called for the dismantling of several units. Now we must make additional cuts by adapting our noncombatant organization to our long-range training needs.

The debate over the number of peacetime units (regiments) often deals with the number of beds needed. Our peacetime army must be dimensioned and developed on the concept that coordinated combat units must be trained and mobilized.

The brigades are the most effective units in the army's combat organization. As a result, professional officers must realize that the battalions must be coordinated during basic training and maneuvers with larger units can be conducted during reserve training. Thus, the authorities responsible for creating the brigades must be the backbone of our peacetime organization. It

is also important that special skills in artillery, antiaircraft weaponry, etc. be maintained and that training in these areas be conducted in a rational manner. Coordination and efficiency must be implemented in exercises involving units from all branches of the military, especially in garrisons.

For economic reasons, investments in our peacetime military must be utilized for long periods of time. The military must be developed in such a way as to provide the possibility of gradually changing without major new investments, in view of technological advances and changes in the threat from abroad.

The present plan for developing the army on the basis of universal conscription follows, in general, the defense plan of 1982. As a result of our reduced buying power, however, our efforts to confront the threat during the nineties must be delayed and our goal may be achieved too late. Increased allocations of about 200 million kronor during the current 5-year period would improve the situation considerably and provide a good foundation to build on in the future.

Lindblad's proposal to reduce the number of inductees, and thus the number of support personnel, by one third would result in a peripheral defense with less endurance that could not be beefed up, since the support personnel would have been reduced to the extent that rapid mobilization would be impossible. Our deterrent force would be reduced considerably.

In recent years, our defense has been characterized by changes in our peacetime organization. This organization must be developed according to a consistent plan without abrupt changes.

We must apply our interest, strength, and involvement to our combat units.

Sweden must have resources to develop a satisfactory military system!

9336

CSO: 3650/51

## ARMED FORCES OFFICER CORPS TO HAVE POOR AGE STRUCTURE IN 90'S

Stockholm DAGENS NYHETER in Swedish 25 Nov 83 p 70

[Article by Kurt Malarstedt]

[Text] Aging among army officers during the nineties will be a major problem for the Swedish military. The Defense Ministry has begun to investigate this issue seriously.

Both the employer (the state) and representatives of the officers see re-training and early retirement as the only possible solutions.

The problems is especially acute in the army's combat troops. Some experts with whom DAGENS NYHETER spoke believe there is a serious risk that there will be too few officers to fill important posts in key combat brigades during the nineties.

Defense Minister Anders Thunborg indicated in an interview with 7 DAGAR some time ago that he was disturbed. He stated that during the nineties two thirds of the officers in the army would be over 40 years old.

A diagram drawn by the personnel section of the army staff dramatically illustrates the problem (see figure).

The situation in 1982 reveals a sound age distribution--350 to 400 officers between 22 and 40 years of age--and a narrow peak of officers who would retire within 10 or 15 years.

But in 1992 (and for several subsequent decades) the age distribution is quite different: there are several age groups with about 150 officers each and an enormous peak representing officers between 40 and 50 years of age.

There are two reasons for this:

The decision in 1972 to increase the retirement age for officers from 50 to 60 years of age;

Recent cutbacks in the military budget.

## 160 Per Year

The army's military personnel currently totals 8,700 persons. By 1987 this figure is to be reduced by 300.

This means that the number of newly appointed officers will be limited to 160 per year, beginning now. During the "record years" of the sixties and seventies only a few new officers were commissioned each year, due to the introduction of a new chain of command.

"We hope to achieve our cutback goal by drastically reducing the number of new officers," said Johan Palmgren, head of the army's personnel section.

But he warned against additional reductions in the annual number of new officers.

"We cannot go any further without changing the organization of our combat troops and there is no legislation calling on us to do that."

If, as many believe, the age distribution must be changed in order to have more younger officers during the nineties, there are only two possibilities according to Palmgren and other experts: providing retraining for older officers or stimulating early retirement by economic means.

"We still have time to solve the age problem, but it will cost money," said Colonel Palmgren.

According to Palmgren, the addition of 160 officers annually is a minimum if we are to have enough officers with the rank of major toward the end of the century.

## Too Old

But experts in the army and at the Defense Ministry believe that one result of recruiting at this rate will be that toward the year 2000 it will be necessary to use old officers or reserve officers in combat units, which should be led by young regular officers.

To be sure, army officers in general seem to be in better physical condition than civilians of the same age, but "cadres of officers in the brigades must be young to overcome the hardships resulting from an invasion," as Maj Gen Carl Bjoreman, chief of staff of the Southern Military Region, expressed it in an article in DAGENS NYHETER some time ago.

He believes that aging among officers has led to a "drastic reduction in the number of officers of a suitable age for combat positions in elite brigades and other field units."

Chairman Lars-Arne Gabrielsson of the National Association of Officers agreed:

"Brigade officers must be young and healthy."

Other sources believe there should be about 300 new officers per year in order for combat units at the battalion level to have enough of the desired "young and healthy" leaders.

#### Pensions

Various types of early pension plans now are being discussed. Gabrielsson of the National Association of Officers believes a temporary reduction in the retirement age could solve the problem. The army staff is studying the possible results of economic stimulation on early retirement and what the cost of this would be.

Assistance in retraining for civilian occupations is another possibility for convincing middle-aged and older officers to leave the profession for which they have been trained. This method was used successfully in France and other countries, but one of the problems with this method in Sweden, of course, is the tight job market we now have.

#### "Retraining Meaningless"

Lars-Goran Lindblom is a captain at the engineers' regiment Ing 3 in Boden. He is 38 years old. In the nineties he will be one of the all-too many old officers the army already has begun to see as a problem.

He is now taking a course at Ing 1 near Sodertalje.

"It is normal for 35 to 40 year old officers to take some form of continuing education," he said.

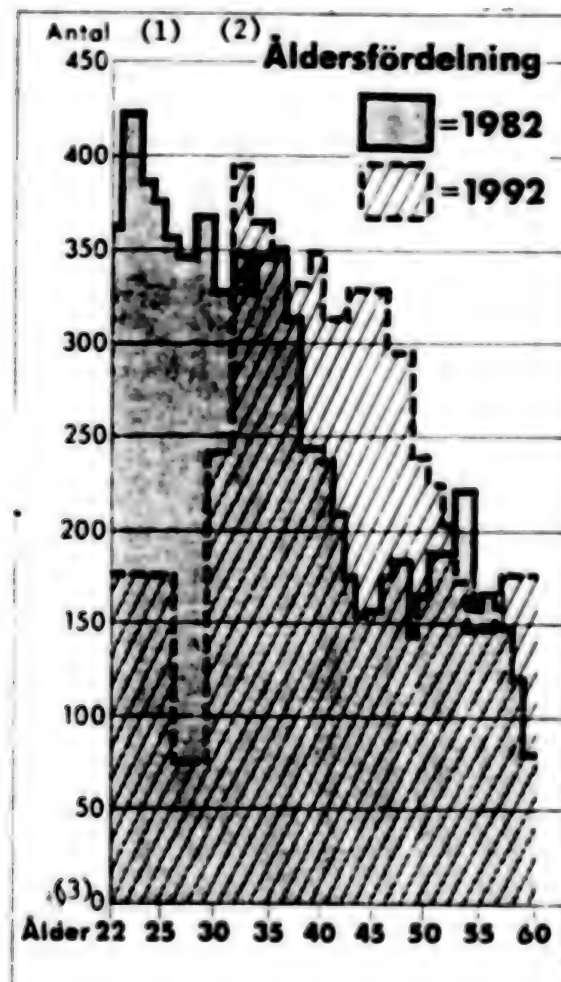
"It is at about my age we begin to look forward to 'sitting down' as we say. We begin to look forward to the day when we are no longer interested in wading around in the snow when it is 30 degrees below zero."

"Of course, the problem is that the number of people seeking desk jobs will increase at precisely the time when the number of these positions available will decrease due to cutbacks in the army budget. You can say what you want about that, but I believe we in the military must also do our part to support the austerity measures."

#### Secure

At the same time, Lars-Goran Lindblom pointed out that most people see military positions as more secure jobs than many others in our society. He finds it difficult to believe that officers will be laid off.

"If personnel cuts must be made, they should reduce the number of new officers. The age problem in combat units should be solved in some other way."



The 1982 age distribution has a solid base. There are 350 to 400 persons in most age groups under 40. By 1992, however, the situation will have changed. At that time the greatest number of officers will be over 40 years old.

Key:

1. Number
2. Age distribution
3. Age

9336

CSO: 3650/51

## AFTER AIDING IN SUB HUNTS, COAST GUARD WANTS TO BE IN NAVY

Stockholm DAGENS NYHETER in Swedish 24 Nov 83 p 14

[Article by Anders Ohman]

[Text] The coast guard and the navy should be merged.

Many in the coast guard believe this. They are critical of the idea that the coast guard should merge with the Shipping and Navigation Administration.

The reason is that the scope of the coast guard's activities has changed in recent years. Previously the coast guard had a clearly civilian image. Illegal fishermen, smugglers, and drunken boaters were not hunted with big guns, but were caught by hook or by crook, in the soft-line civilian manner. The coast guard was given equipment to combat oil spills.

## Soft Image

Until 1980 it was easy for the coast guard to maintain its "soft image." Contact with the navy involved mostly border patrols and rescue missions at sea.

In recent years some of the coast guard's tasks have changed. In 1980 the so-called Huvudskar incident occurred in which, for the first time, a foreign submarine appeared boldly and defiantly in Swedish waters. The navy was confronted with totally new submarine tactics.

Since then, the coast guard has actively assisted the navy by patrolling for foreign submarines in Swedish waters.

Sweden's coastal fleet consists of about 60 ships and 10 large helicopters. This is all the navy has to combat foreign submarines. When these incidents occurred repeatedly--the most spectacular event was when the submarine U-137 went aground in Gasefjarden near Karlskrona--coast guard ships joined in.

## Armed

The coast guard's field organization became an important link in the navy's surveillance system. Hydrophones have been installed in several coast guard

vessels and the navy has even considered providing coast guard ships with Malin and Elma antisubmarine weapons.

How this will occur and, if it does, who will be authorized to push the button has yet to be decided.

The civilian image of the coast guard has become more and more militarized by the submarine incidents--and this is not considered totally positive by some coast guard members.

"The coast guard must remain a civilian organization without military equipment. Sweden must provide the resources for this type of organization. We can work together with the navy when it is necessary," a union representative of the coast guard said.

#### Navy Attractive

The threatened merger with the Shipping and Navigation Administration suddenly has made the navy appear attractive to many. It is better to go to the navy than to the merchant marine, they say. Critics maintain that it would be impossible to combine a supervisory authority such as the coast guard with a service organization for the merchant marine, such as the Shipping and Navigation Administration.

The coast guard would unavoidably become a second-class organization and gradually lose its independence.

The other alternative is for the coast guard to remain within the Customs Department, as it is now. But can Sweden afford this during a time of austerity?

#### Decision In 1985

In the fall of 1984 parliamentary ombudsman Per Erik Nilsson will complete his study on the coast guard and the Shipping and Navigation Administration, which has been dubbed "The Unwanted Child." The proposal is to be complete in 1985. The Office for Administrative Rationalization and Economy is said to favor a merger in order to save government funds.

The number of oil spills and submarine intrusions during the coming year will probably determine the fate of the coast guard.

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CSO: 3650/51

**NEW CESSNA ALREADY HAS SUCCESS IN MAKING SUBMARINE CONTACT**

Stockholm SVENSKA DAGBLADET in Swedish 22 Nov 83 p 10

[Article by Erik Lidén: "New Plane Had Contact With Submarine"]

[Text] The Navy's new submarine-hunting aircraft which has been flight tested since 1 June this year, has had radar contact with a foreign submarine in the Karlskrona area on at least one occasion. The contact was of short duration.

The hull of the submarine was followed outside Karlskrona by means of the aircraft's equipment. Air bubbles from the submarine, which was submerged, could also be followed on the radar screen. The Armed Forces are unwilling to provide any details of the observations, but it is confirmed that the test aircraft offers new reconnaissance possibilities.

The contact outside Karlskrona which took place in September led to an extension of the submarine hunt, and it is in principle still continuing.

The radar contact lasted for several minutes, and the submarine was moving in the archipelago outside Karlskrona. On this occasion Navy helicopters also had sonar contact with at least one foreign submarine, and about 15 depth charges were released with no result.

The aircraft tested by the Navy is a Cessna 404 which is rented from Swedair up to the end of the year. If the test evaluation is positive, three light aircraft will be acquired over some time. The test plane is manned by a pilot from the Air Force and by cabin operators from the Navy.

**Radar**

Initially, the plane was equipped with a simple forward-looking infrared apparatus, FLIR, and military radio equipment. In July the equipment was supplemented with an omnidirectional radar, ASR-360, a hyperbolic navigation system and an infrared scanner, UKA 702, with image processing equipment.

Coast Guard aircraft with equipment from the space agency are participating in parallel in the tests in order to be able to compare various reconnaissance equipment. It was a Cessna 402 which participated in several submarine

incidents as early as 1982. During the summer and fall, Navy aircraft were deployed in several submarine incidents with at least one submarine contact as a result.

#### Real Situations

The flying time greatly exceeds what has been budgeted, which indicates that the Navy has found it purposeful to use the plane in real situations even during the test flight period. Tests have also been conducted with Swedish submarines at various depths and under various temperature conditions.

The submarine plane is stationed at F 18, Tullinge outside Stockholm, but is serviced and equipped at Bromma. All additional equipment is supplied by the Armed Forces. One problem is that the weight tends to become too great. Depth charges cannot normally be carried, but submarine contact will trigger an alarm to a depth charge-equipped helicopter.

11949

CS0: 3650/57

## REPORT REVEALS GOVERNMENT'S PLANS FOR MORE AUSTERITY MEASURES

Copenhagen BERLINGSKE TIDENDE in Danish 3 Dec 83 p 5

[Article by Lisbeth Knudsen: "Less Pay From 1985--More Money for Consumption"]

[Text] There will be still less for wage earners in the coming wage agreement in 1985 than from the result of negotiations last year.

That is according to a new government financial report. In this the government is following the advice of a number of prominent economists for a still tighter income policy.

In 1983 and 1984 the government expects that hourly wages for an LO worker will rise an average of 7.0 and 5.3 percent respectively in relation to the year before. That means that wage increases will be just below those of our most important competitive countries.

In spite of the assumption of the still tighter income policy from 1985, and the resulting very small wage increases, the finance minister expects that from 1985 for the first time in 10 years that there can be talk of an increase in the spendable real incomes. That is because of strongly diminishing price increases, and that the government will try to avoid tax and fee increases.

The new financial report from the government is a revision of previous estimates on a number of points. Thus both unemployment in 1984 and the national budget deficit are judged to be a bit more positive now.

If both the government's intentions about further growth in the private sector, and about a tight income policy, prospects for an international upswing hold, according to the financial report it will be possible to eliminate the deficit in the balance of trade, which next year is expected to be 8 billion kroner in the course of 3-4 years. Likewise it will be possible to eliminate the deficit in national finances, which in 1984 is estimated at 58.2 before the end of this decade. Unemployment will still remain high for some years, according to the finance minister, but he adds

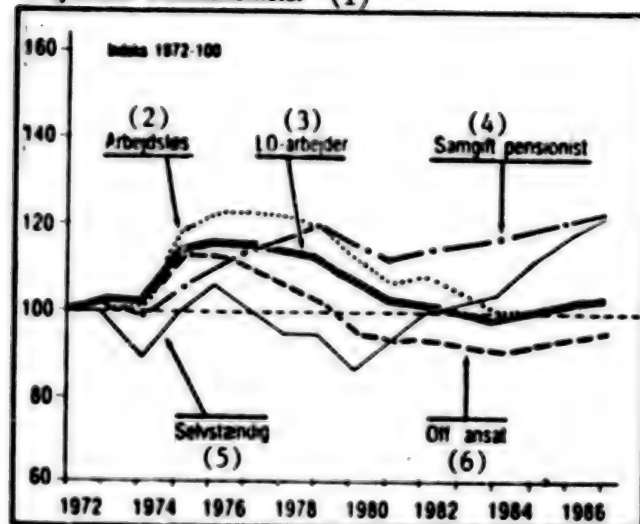
that there will be a decline concurrent with economic improvements. Also the interest span between Danish and foreign interest levels could be eliminated before the end of 1987, if the other assumptions hold.

The government still is short 2 billion kroner before the budget bill of 1984 fulfills its goal of 10 billion kroner in budget improvements which the government imposed. There are already negotiations taking place between the government and the Radical Liberal Party about the 2 billion kroner, and it is expected that a solution to the problem will be found. The finance minister cautions in the report against not finding a solution which brings down the deficit in 1984 in relation to this year.

"If the goal of a falling deficit in national finances in 1984 is not fulfilled, this can have serious consequences for the Danish economy, mostly because in that case--both at home and abroad--there will be significant insecurity about the validity of the new orientation of the economic policy. A marked strengthening abroad of confidence in the development of the Danish economy can be seen, which has resulted in an improvement in the nation's foreign borrowing terms," wrote the finance minister in the report.

Henning Christophersen believes that developments have shown that it is possible to turn the direction of the economy, and that therefore politicians are not powerless to handle the problems.

# Dispendible realindkomst (1)



Key: (1) Spendable real income  
 (2) Unemployed  
 (3) LO workers  
 (4) Married pensioners  
 (5) Self-supporting  
 (6) Public employees

Caption: There will be large movement in spendable real income--meaning the consumable part of an income--for many groups in the coming year. The largest movement is in the group of self-supporting, which for a long time has been very poor in relation to the other groups, but from 1984 and beyond it is estimated that they will have significant improvement.

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 CSO: 3613/52

## RISE IN WAGES IS LOWEST SINCE RECORDS FIRST KEPT IN 1971

Copenhagen BERLINGSKE TIDENDE in Danish 23 Nov 83 p 1

[Article by Frank Dahlgaard]

[Text] Danmarks Statistik: Wage inflation has never been lower since statistics were first kept. Wage increases have been reduced by half since the new government took over, with no decrease in real wages.

The rate at which wages are increasing in Danish industry is now at the lowest level ever registered by Danmarks Statistik.

From September of last year to September of this year, hourly wages in industry rose by an average of just 5.0 percent. That is the lowest wage increase registered by Danmarks Statistik since it developed the so-called hourly wage index for industrial workers in 1971.

Ole Vistisen of the Danish Employers' Association said we would have to look back to the mid-sixties and perhaps even back to the fifties to find a rate comparable to the modest 5-percent figure we now are experiencing.

He added that since the change in government last year wage inflation had been cut in half with no drop in real wages. This is because price inflation has followed a similar trend.

While hourly wages for industrial workers have risen during the past 12 months by 5.0 percent, as mentioned, monthly wages for salaried workers in industry have increased by 6.5 percent.

During this same period, the cost of living as measured by the consumer price index rose by 6.0 percent.

As indicated by these figures, the rates at which wages and prices have risen have both dropped substantially during the past 12 months.

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CSO: 3613/50

## PROPOSED FRG-USSR RAILROAD FERRY STIRS CONCERN

Munich SUEDEUTSCHE ZEITUNG in German 12-13 Nov 83 p 10

[Article by editorial staff member Gert Kistenmacher: "The Chancellor's Silence"]

[Text] Controversy concerning a German-Russian railroad ferry in the Baltic Sea. Due to massive misgivings on the part of the navy, Kohl did not say a single word concerning the long-planned project in Moscow.

Kiel, November -- Schleswig-Holstein's agile Minister for Economic Affairs and Transportation is experiencing a conflict. He would on the one hand welcome it if a large-scale German-Soviet project advocated and promoted by him had already assumed tangible forms. On the other hand, he does not find it a "bad development at all" that it has of late become noticeably and conspicuously more quiet on the political and journalistic scene with respect to this project, about which the general public had anyway been informed only in broad outlines. It appears that high-level government offices are finding it hard to make a binding decision in this matter, taking into consideration particularly the political aspects involved.

What is at stake is a new railroad ferry connection between the former east Prussian port city of Memel at the outlet of the Kurische Haff which, being the provincial capital of the Soviet Republic of Lithuania, is today called Klaipeda, and a German Baltic port. It is today no longer possible to determine exactly by whom and when the idea that in the Baltic ferry traffic an increased linking up also with the communist sphere of influence would be desirable for commerce and industry in Europe was first conceived. Existing records only speak of the fact that "some loud thinking" concerning this matter had been done in Luebeck, the largest ferry port in Europe in the 1970s, and that the Soviets then first started talking about this subject in 1980 on the occasion of the fourth German-Soviet maritime discussions at Yalta.

#### No Misgivings At First

Be that as it may, the Soviets have since August 1981 been expressing a strong interest in such a ferry connection. There were at that time also some initial

contacts with the federal government which, however, were broken off during the Afghanistan crisis. In addition, some -- unnamed -- German shipowners became increasingly inclined to participate in such an obviously promising and lucrative undertaking. In addition to Kiel and Luebeck, the Baltic Sea ports of Flensburg, Neustadt, and Puttgarden also declared themselves to be applicants for the western terminal. But it was only two years later, in June of 1983, that the Soviets took concrete steps in this matter.

Minister Westphal accepted an invitation from the Soviet Maritime Fleet Minister to come to Moscow, Tallinn (formerly Reval), and Leningrad -- but not without first coordinating with the FRG minister for transport and the Ministry of Foreign Affairs to make sure that there were no misgivings concerning this trip and the discussion of the subject dealing with a railroad ferry connection. Upon his return he reported that the Soviets are apparently very dissatisfied with the existing land connections for reasons of cost and time as well as due to political considerations -- presumably possible instability factors in Poland and the GDR. The Soviets did not fail to notice that in the course of the past two decades Schleswig-Holstein has acquired a dominating position in Baltic Sea traffic, and especially so in traffic with the Scandinavian countries. To quote from a report of the Kiel Ministry for Economic Affairs, this maritime traffic represents "a pillar of support for the bilateral trade relations with Scandinavia with all their positive side effects on jobs, services, and suppliers." There came into being a "Baltic transportation market," which because of the great number and compactness of the shipping lines, the new transport forms, and the most modern transshipment techniques is considered to be exemplary in Europe.

#### Problem of Track-Gauge Adjustment

The Schleswig-Holstein ports, which are being purposefully expanded with private and public funds are, of course, profiting from this boom. The by far greater part of the goods flowing from the federal republic and the states of the European Community and proceeding to Scandinavia is being handled via the northernmost state of the FRG. Whereas some of the other German ports are suffering bitter losses, the Baltic Sea ports can point to considerable rates of growth. Luebeck alone has a monthly total of 40 to 50 departures for seven Finnish ports. From Kiel there are daily connections with Oslo, Goeteborg, and Bagenkop (Denmark). Polish and Finnish ports are also being serviced. The rapid development is continuing: new ferries and railroad ferry connections with Scandinavia are either being planned or are already under construction, including a "jumbo ferry" to Goeteborg as of 1985, and an additional railroad ferry to Sweden. Referring to the planned German-Soviet connection, the Kiel ministry for economic affairs stated that this project shows that "in view of the increase in the sphere of roll-on-roll-off transportation and for environmental and energy reasons railroad ferries have a promising future."

It is possible that this fact may also have been realized by the Soviets, who are always concerned about economic expansion. They are already in the process of installing a railroad ferry connection between Klaipeda and Mukran on the island of Ruegen (GDR). Their concept concerning the planned new connection with an FRG Baltic port calls for initiation of such a transport system by a

joint German-Soviet service with a 50:50 participation ratio as early as 1985/1986. Kiel is apparently being preferred as the official location for it. Initially it is planned to use two, and later four railroad ferry boats, each of which can carry 75 railroad cars of 60 tons each. In addition, discussions are under way concerning the construction of the ferry boats (approximately DM 120 million each) to be carried out at German shipyards.

The entire investment volume is estimated at more than one billion marks, which sum is bound to be tempting for a minister for economic affairs who is intent on the creation of jobs and economic activity. Schleswig-Holstein's head of government Uwe Barschel proceeds from the assumption that such an investment alone is "politically valuable for economic and business considerations." He feels that from a continuing operation of such a ferry connection there emanates a considerable "impact effect." However the Russians, who otherwise were entirely willing to make concessions, refused to give in with respect to one point: the track-gauge changing installation for the railroad ferry connection from Klaipeda, which is necessary because of the different track width, is to be located in German territory. There exist a number of assumptions and speculations concerning the reasons for this Soviet wish which on the face of it is substantiated with "organizational problems." They have to do with FRG security considerations and became clear only in the further course of events.

When Juergen Westphal returned from Moscow on a Sunday in June, he immediately wrote extensive reports to the federal chancellor and to the federal minister of transportation which were presented in Bonn two days later. Westphal had a cogent reason for this rapid action. It was a reasonable assumption that on the occasion of his visit to Moscow in early July the federal chancellor would bring up the matter of the ferry project for discussion. After all, Uwe Barschel had asked him expressly to bring this matter up in Moscow and to "push" it, because "interest in this matter exists on the Russian side as well as on ours." According to Barschel, Kohl promised to do so.

The federal chancellor, however, did not say a single, solitary word about this project in Moscow. Apparently some "security considerations" were presented to him prior to his trip which caused him to exercise restraint in this matter. It is not known from whom these misgivings came.

But Peter Kurt Wuerzbach, state secretary in the federal ministry of defense, intimated shortly before Kohl's trip that the Soviet Union would through this ferry connection be given "an additional maritime supply capacity which it could use for by-passing via its own supply routes such areas as Poland, the GDR, and the CSSR, which might possibly become unstable." He also said that, in addition, this would provide Moscow with further possibilities for espionage and subversion. Wuerzbach also pointed out that the use of ferry-boats would automatically drive a number of German freighters which are currently handling the transportation of freight into such financial straits that a breaking-up process would have to be expected so that these ships would not be available to the federal republic in situations of tension.

But it was not so much his consideration for parochialism, spiced with at any rate only generally formulated advice on security policy which caused the

federal chancellor to keep silent in Moscow. There exist more massive misgivings. There is now circulating in Bonn a paper prepared by military experts of the navy in which, among other things, the following is stated: "Precisely at a time when NATO is engaged in efforts to find possibilities for balancing out the enormous conventional superiority of the East, such a project undermines all such efforts by practically allowing the Soviets to land troops from Asia directly on NATO territory through bypassing unstable satellite states." It further states that, in addition to the Memel-Lukran connection on Ruegen, the Soviet Union would thereby create for itself an "additional runway across the Baltic Sea," that the ferry-boats were capable of transporting a motorized infantry regiment and that, in a war situation, the supply capacity of the Soviet Union would be "expanded considerably."

#### Fear of Espionage

Military strategists have also taken into account the fact that with the ferry connection and the track-gauge change-over carried out in a German Baltic port the Trans-Siberian Container Line (TSCL) could be extended into the federal republic. The consequence of this would be that the distance from Europe to the Far East would be reduced to approximately 13,000 kilometers from the approximately 22,000 kilometers via the Suez Canal. Four ferry-boats on the Klaipeda-Kiel route would be in a position to take over Hapag Lloyd's container share in the East Asia service (135,000 units) and thus to force a "considerable crowding-out competition" on the western merchant ship tonnage, which in turn would mean the giving up of merchant ship tonnage in a crisis situation. A Hardthoehe spokesman in Bonn whose province also includes military strategy in the NATO sphere has made the following statement: "One simply must realize that each project which is apt to involve the western merchant fleets in further difficulties and consequently to reduce their maritime transport capacities is questionable in every respect from the point of view of security policy."

The military-strategic misgivings focus particularly on the Soviet desire to set up the track-gauge changeover in a German Baltic port and not in their own territory at Klaipeda. Military experts are of the opinion that "ideal prerequisites for spying, information gathering, and subversive observation" are thereby presented to the Russian intelligence service. As proof of the fact that the Soviets make use of such possibilities one adduces the example of the Transworld Marine Agency Company in Antwerp, which was founded there by the Soviets in 1970 for the processing of their merchant ships. This enterprise had been involved in diverse espionage affairs. The expulsion of the co-founder of this firm by Belgian organs for espionage activities also showed clearly that this agency "carried out intelligence-gathering activities under a commercial cover." What bothers the military strategists the most is the fact that the track-gauge changeover installation in Kiel -- if it were in fact to become the terminal port -- is to be located directly between the arsenal of the federal navy and the Howaldt Werke - Deutsche Werft AG. In such a case the navy would no longer be able to do any of its electronic testing and would have to relocate its arsenal, which would hardly be in line with Schleswig-Holstein interests. In substantiation of this, the navy spokesman said: "After all, the 'comrades' can record and analyze everything if they are sitting only 50 meters away from us."

Minister for Economic Affairs Westphal, who does not consider himself to be a strategist, nevertheless "finds it hard to understand" why this project should be so dangerous. For, if that is the case, then in his view the enormous expansion of the Baltic sea ports should not have been permitted, nor the construction of the Hamburg-Berlin autobahn, inasmuch as one was speaking of a "runway" for military purposes. And he considers pure nonsense the argument that the track-gauge changeover facility on German territory would, as it were, present to the Russians an enclave from which they could freely engage in espionage in the Baltic area.

Westphal points to the many Soviet firms and trade missions in the north of the federal republic and to the fact that approximately 8,000 Soviet ships alone pass through the North Sea-Baltic Sea Canal per year, not to speak of the Russian ships which are being built or repaired in German shipyards. The Soviets did not need any new ferry line to find out what is happening in Kiel or Luebeck.

"I know cheaper ways to commit espionage," is Westphal's comment. Nevertheless he concedes that he "has an open mind," and says that Schleswig-Holstein will not pursue the project any further "if there are really serious and reasonable political and strategic misgivings." Now it is Bonn's move.

8272

CSO: 3620/89

## PROSPECTS, LOSS OF JOBS IN AUTOMOBILE INDUSTRY

Hamburg DER SPIEGEL in German 7 Nov 83 pp 73-75

[Text] Richard Heller, chairman of the plant advisory committee at the Opel Works in Ruesselsheim, chose his moment well. No sooner had the IG-Metall Congress finally decided to fight for the 35-hour week than he moved to put his followers in harmony with the union objective, using internal figures.

In a circular, Heller informed the Opel workforce of management's plans to do away with 12,000 of the 60,000 jobs at Opel in the next 5 years in an economy move. The union member's conclusion was that even worse unemployment could only be avoided by shorter working hours.

Since Heller had already made a start, he completed the work of his colleagues in other German automobile companies as well. "Other manufacturers," Heller said, "have similar plans ready in the drawer."

It is true. A few days after Opel, the managers of Volkswagen had to admit that 13,000 jobs are to be eliminated by 1987 in their domestic factories. And the Ford Works in Cologne, which has reduced its workforce since 1979 by 9,000 to 50,000 workers, plans to cut several thousand jobs again in the next few years.

The plans of Opel, VW and Ford make it clear that even the automobile industry --one of the few industries in which there is currently an upswing--can contribute nothing to reducing unemployment. To the contrary: The showpiece branch of German industry, on which every 15th job in the FRG is directly or indirectly dependent, will swell the army of the unemployed in coming years by the tens of thousands.

This trend has been emerging in the automobile industry for a considerable time. The automobile, an invention of the 19th century, is encountering the limits of demand. At least in the wealthy industrialized countries market saturation is predictable.

Automobile production in the FRG is unlikely to rise above the current annual production of 3.5 to 3.9 million vehicles. And it is likely to become increasingly difficult for the individual companies to sell these cars. The better the clientele is already provided for, experience shows that the fight for orders is all the harder.

The expected sharper competition will affect the manufacturers of luxury cars like Daimler-Benz, Porsche or BMW less. And even if car buyers hardly increase in total numbers, these companies can look forward to continued growth for the foreseeable future: Now as before, many drivers switch to larger and better equipped vehicles when they buy a new car.

In addition, these south German firms are largely removed from hard price competition. They have succeeded in endowing their product with an aura which makes the price of secondary importance in the decision to buy.

Mercedes, Porsche, BMW and even Audi, which has been successfully imitating the product and marketing strategy of the luxury car manufacturers for a good 2 years, have no intention of reducing their workforce in automobile production. Quite the contrary: at the beginning of 1984, Daimler-Benz will put a new factory into operation in Bremen, with 2,000 jobs to start with. Starting in 1986, BMW will employ 3,500 workers in its planned factory in Regensburg.

The volume manufacturers VW, Opel and Ford, on the other hand, will feel the full force of sharper competition in the coming years. Their stratum of buyers can shift over to foreign manufacturers--the Japanese, Italians or French. These companies will have to calculate much more exactly, because price still plays a quite essential part with small and medium-size cars.

So the pressure to save on personnel costs is more likely to increase. Including fringe costs, a German auto worker earns on the average a good one-third more than his French, Italian or Japanese counterpart. A VW worker was previously able to make up for this in part, compared to his colleague at Fiat or Peugeot, through higher productivity. Now the Germans' wage cost handicap is making itself felt in full in comparison to the highly automated Japanese.

There are only two possibilities for the German manufacturers to compensate for their disadvantage in personnel costs. Either they move their factories to countries with lower wages or they make their domestic factories more economical. Both will cost jobs.

Until now the automobile companies have put their money mainly on greater efficiency. VW in Wolfsburg half a billion marks for a highly automated assembly line for the new Golf. Ford is totally renovating the home factory in Cologne-Niehl for DM 1 billion. In a few years production there is to be almost totally automated.

The automatic machines and robots do not become tired or fall ill, they do not make mistakes, are not in a union and do not want cigarette breaks. On the average they replace four workers, at some later time, when they can also be able to feel and see, it is said it will be up to 10 workers.

According to the ideas of German automobile managers, these jobs will not be lost through dismissals, they will be gradually eliminated. Workers leaving will not be replaced, older workers, 58 or 59 years of age, will be pushed into retirement prematurely with gentle force and generous settlements.

This would affect not just those who have a job. It would affect everyone who is looking for employment: no future for school leavers in Ruesselsheim or in Wolfsburg.

Trade unionists like Richard Heller believe they can avert the loss of jobs principally by shortening the weekly work time. The argument, which is difficult to refute, runs that just shorter working times could prevent more and more jobs being lost in a time of stagnating sales and growing efficiency.

The automobile managers fail to see this kind of logic. Shortly before his death the head of Daimler-Benz, Gerhard Prinz, elevated the decision about the 35-hour week to the rank of a "fateful question." The 35-hour week, with full wage compensation, Prinz warned, would only "intensify the handicap we already have in worldwide competition": high personnel costs. It was only a "dead end street, at the end of which there only be a high, unscalable wall."

BMW head Eberhard von Kuenheim even threatened to escape abroad. On the day following the introduction of the 35-hour week, according to the BMW boss, construction of the new BMW factory in Regensburg would be "halted." More favorable locations abroad would "be reconsidered" for the factory which is to provide work for 3,500 persons.

Apart from threatening gestures of this kind--both sides are probably right, trade unionists and managers: without a reduction of working hours the robots and the computers in the automobile factories will devour more and more jobs. But if the costs of the shorter working times were to exceed the gains in economy and if automobile production in Germany became even more expensive--then even fewer jobs would be left in the end in Wolfsburg or Ruesselsheim.

9581

CSO: 3620/87

## TRADE TALKS WITH USSR COMPLETED: RUBLE REMOVAL FROM BASKET

## Trade Imbalance Still Next Year

Helsinki HELSINGIN SANOMAT in Finnish 29 Oct 83 p 37

[Article by Mikko Eronen: "Next Year's Barter Agreements Were Negotiated in Moscow. Still an Import Deficit of Billion Marks Next Year"]

[Text] Finland should still find imports from the Soviet Union worth 100-150 million rubles, which is roughly one billion marks, to be included in next year's barter agreement in order to balance the agreement.

This was told by Assistant Secretary of State Ake Wihtol in Moscow on Friday after a week's negotiations.

In addition to next year's barter agreement, the following 5-year agreement was being prepared and Finland's natural gas imports were also discussed during the negotiations.

The total value of the barter agreement for this year is more than five billion rubles.

"Additional imports are being sought, within chemical industry along with others. We asked for more timber, mostly pulp, and we were given a hint that we might get it," said Wihtol.

## No Comments on Port Project

The most topical target in trade between Finland and the Soviet Union is the port project in Tallinn on which the final decision has been expected for a long time. Wihtol said that the Finnish negotiators had asked directly what the present status of this project was, but no new information was available.

Finland's worst competitor is the Swedish JCC [Johnson Construction Company] corporation. Last week also Sweden's trade commission was in Moscow to negotiate about developing the economic cooperation. The leader of the Swedish commission, Carl Johan Aberg, said Wednesday that the decision on the port project in Tallinn will be made in the near future.

The Finnish companies bidding for the port contract are Baltic Port Group, which includes Haka, Polar and Puolimatka, and Portal Group including Perusyhtymä, YIT, Vesto, Vesi-Pekka, and OMP corporation, along with Lemminkäinen Oy and Insinööri-Toimisto Bertel Ekengren.

Even before, trade between Finland and the Soviet Union has been balanced by means of oil trading transactions. In other words, Neste has purchased either Soviet oil or oil imported from a third country by the Soviet Union, and then it has traded that on the Western markets. This possibility is under discussion, as far as next year is concerned. However, no decisions have been made yet.

So far the negotiations regarding next year's barter agreement have practically focused solely on Finland's imports from the Soviet Union. During the following round of negotiations, also Finland's export quotas will be brought up.

The bilateral barter agreement for 1984 is scheduled to be signed in Moscow in December.

#### Flexible Ruble Means Risks for Firms

Helsinki HELSINGIN SANOMAT in Finnish 29 Oct p 37

[Article by Antti Blafield: "Ruble's Exchange Risk Has Been Transferred to Firms. Exporters to the East Are Afraid of Exchange Losses"]

[Text] The problem caused by flexible ruble starts to bother more and more firms involved in trade with the East. As no one quotes forward exchange rates for rubles in Finland at the present time, it means that all exchange risks will be transferred directly to the firms.

As of now, the problem is not very topical, but the finance managers of the companies involved in trade with the East are facing next year with fear as the structure of the following 5-year agreement starts to take shape. Next year several ship contracts, whose value is hundreds of millions of marks, will be completed. When the purchases are this big, also the exchange risks are huge.

"It is clear that there has to be a way for the companies to somehow protect themselves against exchange changes," says the finance manager of a big export firm in eastern trade. He wants to be a spokesman only for the entrepreneurs in this field without using the company's name or his name since "the discussion about the matters related to trade with the East is so touchy." The same reservation is applicable to all entrepreneurs.

Now the firms have to deal with a twofold exchange risk. First of all, the ruble has become slightly devalued over the past few months. The devaluation has been around 2.5 percent. This trend may continue, especially if the dollar starts going down, for the share of the dollar is 42 percent in the currency basket of the ruble.

## New Basket for Ruble?

There is, however, a far worse risk that Moscow decides to change entirely the basis for determining exchange rates for the ruble. The general estimate is that the ruble is overrated, and even in Moscow there might be some interest in rectifying this overestimation. One of the reasons could be the fact that overrated ruble means excessive prices in ruble rate imports and exports.

Both experts in eastern trade and those in currency transactions think that it is fully possible that the Soviet Union decides to change the basis for valuing the ruble to a more realistic level. What they all have in common is that no one knows. That is also the biggest risk.

The big companies within eastern trade are preparing their quotations for the Soviet Union, and this will continue till next year. The fear of exchange risks shows also in pricing. The companies have to add to the prices a risk margin which did not exist before. It increases the price and thus weakens the competitiveness of the construction contracts and the ship bids.

All of the finance directors that were interviewed found it clear that the new exchange risk has to be taken into consideration when fixing the prices.

It is true that the payment system in eastern trade decreases the exchange risk. Trade is very finance-oriented, in other words, the exporter receives big advance payments already on completion of the transaction, and payments flow very abundantly into Finland during the contract.

## Bank of Finland Estimated Wrong

The Bank of Finland stopped quoting forward exchange rates for rubles in May, based on the fact that it does not quote forward exchange rates for any other currencies either. According to experts, the real reason was that the Bank of Finland was afraid that the ruble would start going down, and then the Bank of Finland would have been forced to cover the resulting exchange losses. So far the ruble has been going up, and therefore, also the Bank of Finland has made profit by quoting forward exchange rates. To quote the forward exchange rates means that the one who does it, for instance, the Bank of Finland, promises to redeem rubles at an agreed exchange rate after an agreed period of time, for instance a year.

The Bank of Finland imagined that quoting forward rates for rubles would not cease, but that the commercial banks would be in charge of that. However, they did not agree to do that.

The commercial banks justify their refusal by the fact that the risks caused by quoting forward rates for rubles cannot be covered. According to the commercial banks, they cannot be covered since the ruble's currency basket may change any day.

The commercial banks are also referring to the fact that the export volume to the East is so huge, almost 20 billion marks, that under the present circumstances, they cannot afford to cover its ruble transactions.

"The commercial banks and the Bank of Finland should now sort out their relations," demands a financing director.

"The major clients of the commercial banks will put pressure on the commercial banks in order to make them take care of quoting forward rates for rubles," predicts an expert in foreign trade. "We will not do that," assures a commercial banker.

Up to now the firms have protected themselves against ruble's exchange risks by quoting forward rates for those western currencies which are included in the ruble basket. This kind of covering will certainly become more common unless somebody starts quoting forward rates for rubles. However, this is applicable only to the big companies. The small firms involved in eastern trade have to take exchange risks without any protection.

#### Transactions in Dollars Being Rejected

One way to solve this problem would be to make the deals in dollars and to agree that the payments would be tied to the exchange rate for dollar at the time, but the ruble would still be used as a tender. This is how Neste takes care of its oil transactions with the Soviet Union.

"Technically this would be a solution to our problems, but it is already a political issue by its very nature," says one financing director.

"Psychologically and politically it is not acceptable," says a bank official.

"It would be a step towards trade with free currencies, and that is not what we want," says another financing director.

Also in the Soviet Union the problems in trade between Finland and the Soviet Union are actively discussed. Lately the Finns have had to respond on several occasions to the Soviet inquiries on how trade could be developed. In this question the Finns have sensed not only positive politeness but also concern.

#### Paper Comments on Change for Ruble

Helsinki HELSINGIN SANOMAT in Finnish 1 Nov 83 p 2

[Editorial: "Exchange Risks for Ruble Must Be Evened Out"]

[Text] To be able to balance trade between Finland and the Soviet Union next year requires that we still "find" additional imports worth approximately one billion marks from the Soviet Union. This estimate was given by Assistant Secretary of State Ake Wihtol after the first stage of the barter talks. They focused especially on finding import possibilities for Finland.

On the other hand, the development of Finnish exports in bilateral trade depends, above all, on how we manage to increase our imports. However, exports now involved new kinds of problems. The most significant of them is the fear of exchange losses among exporters. Now they have to be

responsible by themselves for the changes in the ruble's exchange value as the Bank of Finland as well as the commercial banks have refused to quote forward exchange rates for rubles.

The Bank of Finland ceased quoting forward exchange rates for rubles last spring by referring to the fact that it does not do that for any other currencies. Nor did the commercial banks want to assume the big exchange losses. In consequence, the companies involved in trade cannot transfer the risk to others. For them the dangers are increasing both in exports and imports.

The exporters try, if possible, to cover the exchange loss by increasing their prices as far as quotations are concerned. This in turn weakens their competitiveness and possibilities to get purchase orders from the Soviet Union. In no case should the entire risk be left to the companies involved in trade and to those taking care of project exports. At present, the financial flow coming from trade with Soviet Union totals almost 40 billion marks. The exchange rate for rubles may vary very unexpectedly.

The removal of rubles from the currency basket at the beginning of next year will not decrease the confusion among the companies. On the contrary, they will start dreading exchange losses even more. It is true that the change with regard to the currency basket has caused speculations abroad about changes in the exchange value of the Finnish mark.

In Finland we cannot, of course, influence how the Soviet Union will price its ruble in the exchange markets. To tie the payments to some other currency, like Neste does in its oil trade with the Soviet Union, is probably difficult too. Apparently the only possibility that is left is to split the exchange risks as it is done in western trade.

Our trade with the Soviet Union is so big and to such an extent different from trade with exchangeable currencies that when it comes to controlling risks, it also requires exceptional procedures. That is hardly possible without active involvement of the Bank of Finland.

The Bank of Finland cannot evade its responsibility, and also the commercial banks have to participate in evening out exchange risks. The necessary preparations must be negotiated under the leadership of the Bank of Finland. Our trade with the Soviet Union, which is extremely important to our entire national economy, might suffer unnecessarily if the companies involved in trade are left on their own in the middle of exchange risks.

All possible means are now needed to maintain the level we have reached in trade with the Soviet Union. A balanced control of exchange risks is one of the most important among them.

#### Paper on Gas Imports from USSR

Helsinki HELSINGIN SANOMAT in Finnish 2 Nov 83 p 2

[Editorial: "The Price of the Environment"]

[Text] In order to balance trade between Finland and the Soviet Union, methods have been sought most recently within energy production. The possibilities offered by it must be taken into account recalling that the effects of the proposed actions cannot be evaluated until the 1990's. However, it is a question of sums which, in the long run, will not significantly fill the import gaps.

The requirement for an increase in natural gas imports is competitiveness which the energy-consuming Finland cannot ignore. It is a completely different matter whether a higher price can be accepted for natural gas on other grounds, for instance, by referring to its environmental assets. Among others, Minister of Trade and Industry Seppo Lindholm has referred to the "environmental price" of natural gas, which should be taken into account when making decisions.

On the other hand, the extension of the gas pipeline is linked to the power-plant issues in the Helsinki and Tampere areas. The energy company of Helsinki has, however, based its opinion on statistics according to which natural gas is too expensive for city heating. A cheaper alternative is coal on which also the future plans have been based.

Finland has, however, made an initiative with Sweden and Norway to other European countries to reduce sulfur releases. A typical source of sulfur pollution is a power plant burning coal in particular. Since Finland, as an initiator, is obliged to act according to its spirits, the "environmental price" of energy requires a prompt definition. The decision on the power plant in Helsinki will be made within a couple of years.

12190

CSO: 3617/33

## EXPANSION OF TRADE WITH ROMANIA

Athens MESIMVRINI in Greek 9 Nov 83 p 8

[Text] Yesterday the Under Secretary of the National Economy Mr. Ant. Georgiadis declared that the trade relations of our country with Romania are expanding and that some pending financial matters are being settled. The Under Secretary mentioned that we have a significant credit balance with Romania but that the volume of trade with this nation has dropped in the last few years.

During the recent meeting of the Bilateral Committee of Deputies it was decided that in 1984 Greece would import from Romania fertilizers and chemical products worth \$25 million, lumber worth \$20 million, sheet-iron for ship building worth \$10 million, tractors worth \$4 million, cars worth \$5 million, a drilling rig for the DEP [Public Petroleum Corporation] worth \$2,3 million, 5 helicopters for the needs of the Ministry of Health and Social Welfare, 50 trucks and 10,000 tons of aluminum. The total cost of the imports will amount to \$95 million.

Greece will export to Romania fire-resistant materials, undressed hides and agricultural products, worth \$45 million. The Romanians will repay to the public sector debts of \$16.5 million and they will grant Greece another 500 transit permits for Greek trucks crossing its territory, that is to say a total of 1500 permits.

Finally, it was decided that the Romanian side would arrange payment of debts to Greek enterprises from exports and chiefly freight debts. The freight debts are already being paid. The Romanians have also agreed to improve the living conditions of Greek students in their country and, above all, to speed the conversion of remittances to them from the Central Romanian Bank.

12278

CSO: 3521/93

## TECHNOLOGY TRANSFER BILL CREATES BUREAUCRATIC SNAGS

Athens I VRADYNI in Greek 9 Nov 83 p 15

[Text] The nation's current legislation on the protection of industrial property is not conducive to the transfer of technology. This is what the representatives of the International Association for the Protection of Industrial Property Messrs. Vincent and Bruner emphasized in the presence of the President of the Greek group, Mr. V. Niadas.

It was mentioned, in particular, that the legislation in force dates back to 1920 but also that the bill prepared by the Ministry of Research and Technology not only fails to solve the existing problems but will doubtlessly create new ones with its complexity and the bureaucratic procedures it imposes.

It was also mentioned that although the Greek side, according to information obtained, intends to endorse the European Agreement on Patents the bill is totally contrary to it.

It is at least peculiar, Mr. Bruner stressed, that while a modernization of Greek legislation is being attempted no effort is made to harmonize the legislation with the European Agreement to which West Germany, Great Britain, Luxembourg, Austria, Holland, Sweden, Belgium, Switzerland, Italy and Lichtenstein already belong.

The existing situation, but also the one which is taking shape with the new bill, limits the prospects of technology transfers by ignoring the great value of patents and by creating artificial administrative obstacles.

It is worth noting that the International Association for the Protection of Industrial Property is the largest private international organization in the field of industrial property which includes patents, logos, industrial designs and the laws on unfair competition. It has 5700 members from more than 70 nations, most of whom are organized into National or Regional Groups.

12278

CSO: 3521/93

## BUDGET BILL FOR 1984 AIMS AT CUTTING INFLATION, TRADE DEFICIT

Reykjavik MORGUNBLADID in Icelandic 26 Oct 83 p 2

[Text] The chief goal of the investment and loans plan for 1984, which was presented to the Althing yesterday, is to limit foreign loans as much as possible, and "to manage public and private investments in such a way, that the combined effect will be a tolerable balance in trade with other countries and a continued decrease in inflation throughout next year."

It is anticipated that business investment will decrease some 6.2 percent in 1984. Importation of fishing ships will not be allowed, except for two 270-ton ships from Poland which were negotiated for recently. No growth is anticipated for the aluminum plant or the silica plant in Reydarfjordur, but an asbestos plant is anticipated to begin operation at Saudarkrokur.

Public works and public constructions will decrease approximately 9.8 percent; electric energy production will decrease approximately one-third. The largest project of the National Energy Works in 1984 will be the Kvisl project. Heat production will be mostly produced by Reykjavik Heat Services. Investment in transportation facilities will increase approximately 5.9 percent. Construction will continue on the new airstrip at Keflavik; groundbreaking began there this fall.

Supplementary investments in apartment housing are anticipated for 1984 and 1983.

The investment and loans plan for 1984 is based on the same pricing, salary and exchange rate figures as the budget bill--that is, a 6 percent increase in salaries from the beginning of the year to mid-1984; plus a general price increase of approximately 4 percent with an increase in the foreign currency exchange rate of approximately 2 percent, calculated by the same method. This means that an average price increase of 22 percent is anticipated from 1983 to 1984, measured against the construction costs index.

Long-term foreign loans will amount to 32,000 million kronur by the end of 1983, at the year's average exchange rate; this corresponds to 60 percent of the gross national product. The burden of payment for these debts for 1983

amounts to 21.4 percent of our national export income. Payments on these loans are anticipated at 3,160 million kronur for 1984. For the purpose of keeping the currency situation as constant as possible relative to the gross national product, plus balancing the anticipated trade deficit, a new loan requirement is anticipated at 3,600 million kronur.

Domestic revenue, according to the financial loan plan for 1984, will mostly be generated from sales of bonds issued by the social security fund, which are designated for 40 percent of the annual management expenses; plus national treasury savings certificates; new bond issues resulting from national treasury and housing loans; as well as sales of bonds issued by banks.

9584

CS0: 3626/4

## PAPER SUPPORTS 1984 BUDGET BILL GOALS

Reykjavik MORGUNBLADID in Icelandic 29 Oct 83 p 20

[Editorial: 'A Temperate Budget Bill']

[Text] The investment and loan plan and the national economic plan for the coming year have been presented, and an accompanying budget bill has been presented--for the first time in some years. The government balance sheet for the past year was also made available. These actions are exemplary, and necessary, making it possible for the MPs to have the entire picture of the conditions and trends in government financial matters.

The bill itself is based on actual figures from the government balance sheet and on an economic development program which is based on the current government's clearly demarcated economic policy. The 1983 budget, on the other hand, was based on a prepared "calculation," or 42 percent of the anticipated price increases plus double inflation. The result was a 1,200 million kronur payments deficit for the national treasury for 1983.

This is a temperate budget bill. Economic freedom of movement in the national budget will be minimal. It will not be possible to increase foreign debts, nor overdrafts in the Central Bank, nor, lastly, taxes collected from companies. Our only possible course is to pull in our sails in the government budget. This is the essence of what Albert Gudmundsson said in his introduction to the budget presentation discussion.

The three chief goals of the budget bill, and the investment and loan plan, are as follows: 1) to decrease inflation and the trade deficit; 2) to make a budget that is manageable, feasible, and an effective economic tool; and 3) to decrease the share that the government budget takes of the national income.

Anticipated taxes collected for 1984 will decrease as a percentage of the national income, from 30.2 percent in 1983 to 26.8 percent in 1984. This percentage drop corresponds to 2.2 billion kronur. Direct taxes were lowered this year; child benefits and personal deductions were raised. This meant that the income tax of individuals rose only approximately 39.8 percent from 1982 to 1983, while salaries rose 59 percent. Without these measures, income tax would have increased approximately 55 percent.

A considerable number of foreign loans will be feasible in 1984; long-term foreign loans by the end of the year will amount to 60.3 percent of the gross national product. The burden of payment will cut down the national export income by one-fourth. According to the loan plan, foreign loans taken out will amount to 1,750 million kronur less in 1984 than 1983.

The government has approved that the savings by government agencies in 1984 will correspond to 2.5 percent of the actual value in salary expenses, and 5 percent of the actual value in other operating expenses. These stipulations will be followed under strict supervision, according to the forecasts plan.

There has been successful cooperation between the government and the Union of Icelandic District Associations concerning particular economic retrenchment measures in public management for 1984. In preparation for this, particular emphases will be placed in this regard which will be made known soon, according to the minister of finance.

The minister of finance urged the parliament and the nation to keep clearly in mind the serious situation which the Icelandic national and governmental budgets are in, and to support the main aspects which have significant effects on our nation's attempts to work its way out of its difficulties in a serious and responsible manner.

Despite the decrease in capital gains there is no reason to fear unemployment next year, said the minister, providing unexpected problems do not occur in the nation's business activity.

In the concluding section of his budget speech, the minister said:

"The government will place much emphasis on job security, and will monitor carefully developments in the labor market all over the country, so that it will be possible to take supportive steps at the proper time, if it is necessary."

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## EXPORT OF INDUSTRIAL GOODS SHOWS LARGE INCREASE

Reykjavik MORGUNBLADID in Icelandic 13 Nov 83 p 48

[Text] Icelandic exports increased approximately 9 percent during the first nine months of this year--250,323.4 tons were exported, compared with 274,763.2 tons for last year. [Figures show a reverse trend from the one described (a higher figure for last year than this year), but they exactly duplicate the figures for marine products alone which appear in paragraph 3]. Value increases on exports from last year to this year has increased some 136 percent--13,329.4 million kronur compared with 5,656.9 million kronur. The increase on the average exchange rate of the dollar during the same time period was 113 percent.

What is particularly noteworthy in the export figures is that exportation of industrial goods is approximately 60 percent higher for the first nine months of this year than for the same time last year--184,046.1 tons, as opposed to 114,810.8 tons. Value increased from last year to this amount to some 217 percent--3,843.2 million kronur as opposed to 1,213.4 million kronur.

Aluminum and bauxite account for some 45 percent of the industrial goods exported; the increase in exportation of aluminum and bauxite during the abovementioned time period has been approximately 93 percent--82,353.0 tons as compared with 42,811.2 tons. The value increase from last year to this year has been some 330 percent--2,327.7 million kronur as compared with 541.7 million kronur.

Exports of marine products decreased approximately 9 percent during the abovementioned nine months, during which 250,323.4 tons were exported, compared with 274,763.2 tons last year. Value increase on these exports, on the other hand, came to 131 percent, or 9,246.4 million kronur as compared to 4,337.7 million kronur.

In conclusion it should be mentioned that the exportation of agricultural products decreased some 5 percent during the abovementioned time period, during which time 3,733.4 tons were exported, compared with 3,948.7 tons last year. Value increase from last year to this year was only about 73 percent--112.7 million kronur as opposed to 64.7 million kronur.

## ALMOST HALF OF BUSINESSES REPORT INCREASE IN PRODUCTION

Reykjavik MORGUNBLADID in Icelandic 26 Oct 83 p 32

[Text] In a study conducted by the League of Icelandic Industrialists in September, involving 39 industrial corporations in all branches of industry, it was revealed that a large percentage of our industrial corporations have increased their production and sales in the course of the first eight months of this year, when compared with the same time period last year. Forty-six percent of the companies have increased their production when compared with last year, one-third of the companies have maintained the same production level, and 21 percent have produced less this year than last year. These figures were provided to MORGUNBLADID yesterday by Viglundur Thorsteinsson, chairman of the League of Icelandic Industrialists.

Thorsteinsson said that the figures were similar as regards sales by these companies, though a little more favorable, indicating that the companies were successful in selling their products: 49 percent showed more sales than last year, 30 percent sold the same amount, and 21 percent sold less than last year.

As regards the share of the market held by these corporations, compared with imported goods, 57 percent of the companies showed an increase in their share of the market compared with the same time period last year, 32 percent showed the same share and 11 percent showed a decrease. Thorsteinsson said that this corroborated the theory of the League, that Icelandic industrial goods were increasing their competition with imported goods.

As regards future trends, Thorsteinsson said that some 30 percent of the companies anticipated needing to hire more employees in the months to come, while 70 percent expected to keep the same amount of employees; none of the companies anticipated having to lay people off.

As regards exporting companies, Thorsteinsson said that 32 percent of the companies had increased production and sales, 60 percent had remained at the same level and 8 percent had fallen lower than before.

Viglundur Thorsteinsson said that the study revealed that there was general growth in all branches of industry except in the clothing industry and in companies which produced goods used in fishing. But conditions were such in the clothing industry that the companies which showed actual development and market activity were working on increasing production and sales.

9584

CSO: 3626/4

## PAPER COMMENTS ON UNEMPLOYMENT PROBLEM

Reykjavik MORGUNBLADID in Icelandic 10 Nov 83 p 24

[Editorial]

[Text] Registered days of unemployment in the past month of October numbered 14,600, which means that 676 persons or 0.6 percent of all employable Icelanders were out of work throughout the month. Ten businesses related to the fishing industry laid off around 200 workers this month. It is known that a considerable number of businesses connected with this basic national industry are on the edge of disaster on account of poor catches and excessive borrowing costs.

Just two years ago the cod, our number one produce fish, contributed 170,000 tons to the national economy. Marine biologists now recommend a maximum catch of 200,000 tons in 1984 in order to sustain the stock. This scientific fact has a real strangulating effect upon the national economy as a whole.

At the fortieth convention of the National Industrial Association, President Sigurdur Kristinsson remarked:

"Of primary importance is the fact that the difficult position in which the fishing industry and, to be sure, other industries, find themselves effects to a considerable degree other industries which primarily produce goods and maintenance for those industries, such as the metalurgical and shipbuilding industry, construction and contracting, and electrical and electronic industries; in other words the largest contingent within the Industrial Association."

Sigurdur emphasized that, although in places problems were severe, such as in shipbuilding and, in certain locations, construction, there still was no question of an emergency.

We quote the President of The National Industrial Association verbatim:

"The economic measures which now have been effected and which I have briefly described are of utmost importance for all Icelandic industry. If the Government's declared goal of decreasing inflation is realized not just temporarily but permanently, all projects, public as well as private, will be easier to plan and carry out. As far as industry in particular is concerned, I am compelled as well as pleased to declare that all industrial

firms will enjoy the general benefits resulting from the battle against inflation."

From the above it is evident that if the economic measures of last summer had not been taken in order to decrease inflation and trade deficit, in order to shore up our basic industries, we would today be facing wide-ranging unemployment.

In order to ensure acceptable employment standards and avoid a national economic collapse, a basic tenet must be for the Government's economic goals to succeed. In this instance, not only are political leaders subject to close scrutiny, but also labor negotiators on both sides.

Basic livelihoods, such as fishing and industry, must ipso facto be responsible for any potential increase in the national standard of living. Their success or failure is the entire nation's success or failure. It is by far more propitious for our citizens to band together for victory rather than to battle among the ruins of Icelandic prosperity.

9981

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## UNEMPLOYMENT CONTINUES TO RISE AS BUSINESSES CUT STAFF

Reykjavik MORGUNBLADID in Icelandic 9 Nov 83 p 2

[Text] The Employment Division of The Department of Social Welfare reports a total of 14,667 days of unemployment for the month of October. This is equivalent to 676 persons registered as unemployed at any time during the month, or 9.6 percent of employable work force as estimated by the National Bureau of Statistics. In September days of unemployment were registered as 11,503. Increase is therefore 3,164 or about 27.5 percent. A press release from the Department of Social Welfare states that this increase is mainly due to conditions in the Northern and Southern Districts. There is also some increase in the West Fjords, the East and Reykjanes.

Only decrease in unemployment is reported in Metropolitan Reykjavik and the West. "The causes of the increased days of unemployment are mainly work stoppages in the fish factories because of lack of raw material, which again is caused by poor catches or cancelled fishing tours," the press release states. For the first ten months of this year 233,000 days of unemployment are reported compared to 157,000 for the same period last year and less than 200,000 for all of last year.

During October ten businesses reported laying off 195 workers. This does not include seasonal lay-offs in the freezing factories which are not formally reported to the Employment Division.

END

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## PAPER SUPPORTS GOVERNMENT AUSTERITY MEASURES

Reykjavik MORGUNBLADID in Icelandic 1. Nov 83 p 16

[Editorial]

[Text] Icelanders are by some considered a quarrelsome nation, capable of disputing anything and everything.

However, after due consideration, most are bound to agree on two things:

1) that the Government's efforts to conquer inflation and trade deficit have produced real results, 2) that we would today be subject to far-reaching unemployment if inflation had been allowed to rage on unhindered, a prospect which seemed likely earlier in the year.

One of the Representatives of the Social Democratic Party, Jon Baldvin Hannibalsson, declared in a speech last Monday: "It is also a fact that my Party has, for example, declared its support of the Government's basic tenet to legally abolish our current indexing system..."

True, the Representative attacked some particulars contained in the statute, but his words first and foremost bear witness to the regret felt by many that they weren't able to accomplish the economic "miracle" which is taking place in our nation.

It took strength and courage to bring about this accomplishment. It will also take strength and courage to make it a lasting accomplishment - to ensure an enduring economic stability in our country.

The 1983 catch failure and projected considerable fishing reduction in 1984, according to marine biologists, will reduce our national product next year for the third year in a row by 12 percent of export production, or by 2 billion kronur. That is hardly an advantage for the nation. There is still need for continued conservation - but also renewed commercial development. It is about time for us to start worrying about the future as well as the present.

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CSO: 3626/3

## NATIONAL BANK DIRECTOR COMMENTS ON FOREIGN BORROWING

Reykjavik STORD in Icelandic No 3, 1983 pp 95-96

[Article by Jonas Haralz: "Foreign Loans"]

[Text] During the past year many have feared the imminent collapse of the world's financial systems. Several nations, particularly in Latin America, Eastern Europe and Africa, were unable to reduce their debts according to contracts. For a while it looked like such nations were on the increase and that further grants to countries in their predicament would be refused and loans to other countries reduced. At the same time the largest foreign lending institutions would be severely hurt and suffer great losses of their own funds, and thereby risk loss of confidence, the foundation of all trade. Such a financial crisis would then severely add to the most persistent general depression the world has experienced since the end of World War II.

It is practically certain that this will not come about. Signs of recovery are clear for business conditions in Western countries and Japan, but particularly in the United States of America. Reduction of resources has turned into growth and demands for consumer goods and real estate is on the increase. Increased business investment is expected before long. Inflation is practically a thing of the past, at least among some of the major industrial nations. Interest rates have come down considerably in spite of real interest rates still being relatively high, and oil prices are going down. At the same time common sense approach is evident in the handling of loans to the most desperate nations. For some of these nations extensions and new grants have already been negotiated; for others negotiations are either in process or planned. These negotiations depend on powerful measures taken by the nations themselves in order to restore their economy after consultation with both the International Monetary Fund and the World Bank. These international institutions have at the same time increased their participation, and member nations have increased their financial contributions for this purpose. In spite of all, when the chips were down international cooperation proved itself willing and able to a degree necessary to prevent major crisis.

Despite this success, attitudes in international financial circles will not be quite the same as before. The past will not be easily forgotten. Fear of renewed inflation will continue and reactions will be immediate if there is evidence of reoccurrence. Real interest rates will therefore be higher than

generally in the past and interest rates will therefore be comparatively volatile. One can also expect instability of major exchange rates. Economic growth among industrial nations will also be slow, both because of high real interest rates and continuous problems of long-established industries. This in turn influences international trade and economic growth among underdeveloped nations. Foreign loan grants will be much more conservative than they have been during the past decade and interest rates charged by banks in such cases will be higher than formerly. At the same time stricter quality control of financial undertakings should be expected as well as closer scrutiny of the economic management among nations seeking loans.

Iceland has in past years taken full advantage of favorable international financing. Foreign loans have financed considerable increase of the fishing fleet, the construction of power plants and utilization of geothermal energy, and various other public and private undertakings. These loans have been largely responsible for economic growth and increased employment during the past decade. But they have also encouraged excessive increase of the fishing fleet and partly been responsible for injudicious undertakings and for subsidizing losses incurred by various corporations and undertakings. Inflation has therefore undermined savings, and the nation has become ever more dependent on foreign loans.

Iceland has enjoyed favorable international financial conditions and is apparently one of the ten to twenty most favored nations in this respect. There are many reasons for this: The Icelandic state, Icelandic banks, and those municipalities, corporations, and institutions which have taken advantage of foreign loans, have always honored their commitments in good years as well as bad. Export trade is extensive and markets comparatively stable. So far prospects for increased production and export have been bright, particularly when one considers the riches provided by the ocean, and hydraulic and geothermal energy. Iceland's relationship with the other Nordic countries and economic and defensive cooperation with other Western nations have also been important. Experience has also shown that despite at times unfortunate economic management and unforeseen disasters, in the end recuperation has always been managed. Last but not least, foreign loans have been comparatively strict, and terms have been realistic.

Iceland's foreign creditors will inevitably alter their positions in accordance with changes in international financial markets. Offers of credit will greatly diminish. Terms will not be as favorable as in the past, although Iceland should still expect to enjoy its former reputation. Undertakings to be financed are liable to be subject to closer scrutiny than before; so will the credit-worthiness of the financially responsible institutions. Closer scrutiny will also be applied to the nation's economic growth and financial management both by international institutions and foreign banks. These changes might actually be advantageous for Iceland in shoring up a credit policy needed for the nation's own interest.

The increased ratio between Iceland's foreign debts and its national product is well known. So is the increased ratio between the nation's foreign obli-

gations and its export revenues. This increase has naturally been the cause of worry and considerable debate. Without a doubt the total debt and obligation has reached a stage where all caution is advisable. There is a great necessity for a change in credit policy as well as overall economic policy. On the other hand it is wrong to assume that the solution lies in discontinuing foreign loans altogether or to severely reduce them. On the contrary, there is no doubt that continued loans are the only way that Iceland can extricate itself from the selfinflicted dilemma in which it finds itself. Proper utilization of foreign loans and support of the corporations and institutions responsible for the debts are of utmost importance. Support of profitable production, particularly export production, should be the number one priority, along with increased national savings, both individual and corporate. Economic management must concentrate on these goals. With successful management credit-worthiness can stay undamaged and foreign loans can continue to be advantageous in future years.

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CSO: 3626/3

## BRIEFS

INFLATION, INTEREST RATES DOWN--Iceland's central bank is reducing overall interest rates on foreign and domestic loans by an average of 4.4 percent, effective Monday. The drop in interest rates is a result of the substantial reduction of inflation in Iceland in recent months. According to the bank's calculations, inflation during September was at an annual rate of about 24 percent. In May, when the nonsocialist coalition government took over, inflation was running at an annual rate of 130 percent. After the interest rates are decreased on Monday, interest on foreign and domestic loans in Iceland will be between 27 and 35 percent. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 23 Nov 83 p 5] 9336

CSO: 3613/50

## STUDY FINDS DECLINE IN OPTIMISM REGARDING ECONOMIC GROWTH

Oslo AFTENPOSTEN in Norwegian 26 Nov 83 p 5

[Article by Bjorn H. Tretvoll]

[Text] The latest AFTENPOSTEN and Market and Media Institute barometer of economic conditions points in the direction of some stagnation in economic development. After a very striking upturn from January to May, the barometer of economic conditions shows a slight decline from May to October, from 70 to 68 points. It seems that belief in a continued economic upturn is no longer as strong as it was earlier this year.

This barometer of economic conditions is based on interviews with around 1,200 people. The interviews were conducted in the first part of October. The barometer of economic conditions is figured out on the basis of answers to three main questions concerning price developments, the individual's own economic position and developments in the general economic situation. The replies are weighed together so that the barometer's results can be summarized in a single figure that can be compared from one time to the next.

After an even decline from 74 in January 1981, the barometer of economic conditions reached a low of 29 in January 1983. In May this had risen to 70, while the October barometer registered 68.

Compared with the situation in May of this year, faith in a further decline in the rate of price hikes has been weakened somewhat. Almost 70 percent of those asked now expect unchanged or somewhat sharper price increases. The answers to that question in May were down at 62 percent.

Hopes for a more striking economic upturn also appear to be weaker now than they were in May. While 23 percent of those asked in May believed there would be an improvement of the general economic situation over the next 12 months, the corresponding figure in the October survey was down to 16 percent. At the same time the proportion believing in a weaker economic development rose from 24 to 29 percent.

When it comes to evaluating an individual's personal economic position, the changes from May to October were relatively slight. The proportion expecting an improvement went down from 23 to 19 percent, while the number that feared a deterioration went from 15 percent in May to 16 percent in October.

Despite a steady decline in the rate of price increases in this country during the current year, the barometer of economic conditions shows that so far there has been no dramatic change in people's expectations of future inflation. No more than 20 percent in all gave answers showing that they believe prices will rise more slowly than now, that they will stay about the same or that they will actually fall.

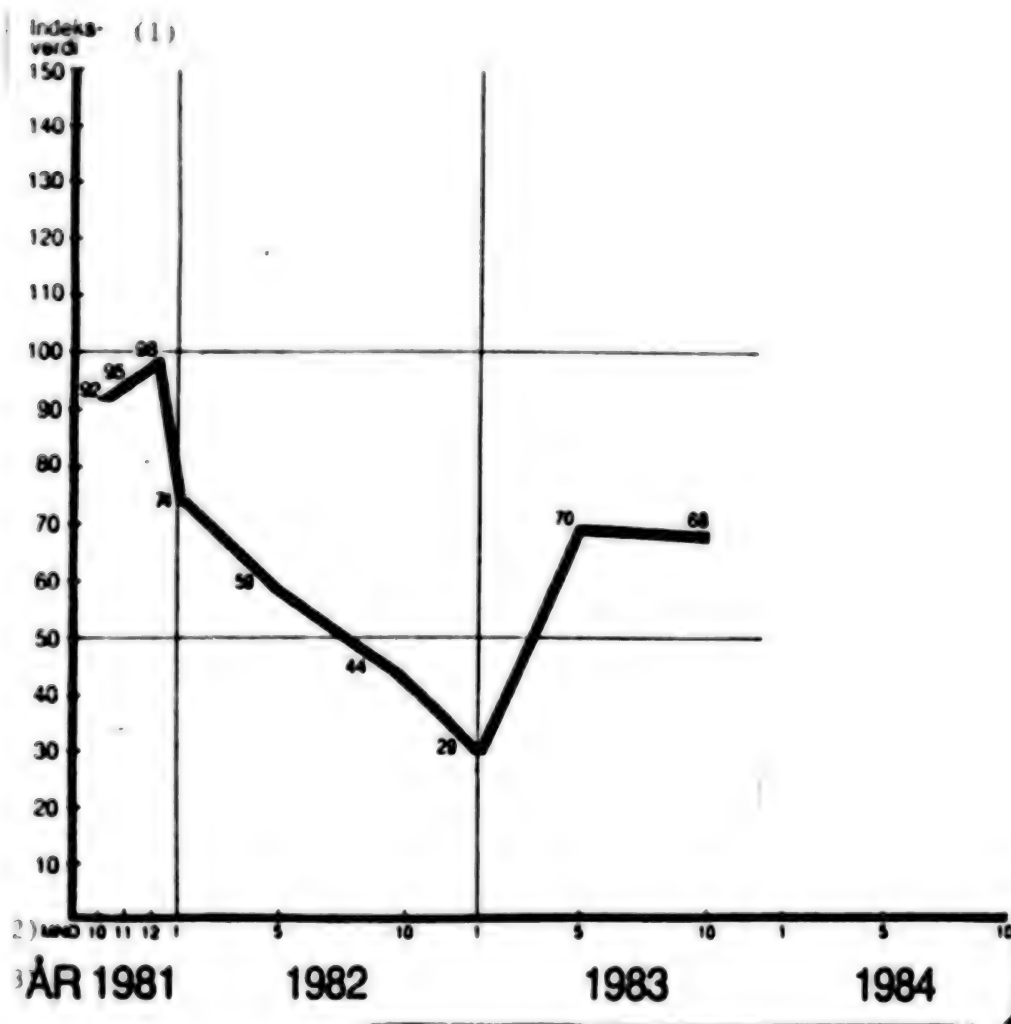
#### Forecast Wrong

In this area the barometer of economic conditions responses have not given very reliable forecasts of future developments. In October 1982, 20 percent thought that in the next 12 months they could expect a further increase in the rate of price hikes, while 55 percent expected an increase at about the same level. After some time with moderating price hikes, the number of those expecting a rising inflation rate came down to 7 percent, while 55 percent continued to believe that price developments would remain about the same.

In general most people regarded the news of the Norwegian economy as negative. Some 56 percent of those asked said that what they had heard recently about changes in the Norwegian economy pointed in the direction of a less favorable development. Only 21 percent had received a positive impression of developments in the Norwegian economy from the most recent news. In the May barometer almost 30 percent said the news was more positive than not, while 47 percent regarded the news as negative.

The survey also included a question about how good people thought it was at the moment to buy larger items such as furniture and electrical household appliances. Here a total of 26 percent answered either very good or good, while an almost equally large number answered either bad or very bad.

When it comes to the development of the general economic situation,, voters who would vote for the Conservative Party gave a far more optimistic evaluation than almost all other groups. Some 30 percent of Conservative voters believe in an improvement while only 13 percent were expecting the situation to get worse. The corresponding figures for those who said they vote for the Labor Party showed that 9 percent believe in an improvement and as many as 49 percent fear a worsening of the economic situation. Center and Christian People's Party voters also assess the general economic development in a clearly more pessimistic way than Conservative voters.



#### AFTENPOSTEN and Market and Media Institute's Economic Barometer

Hopes for a stronger economic upswing are weaker than they were in May. Most people expect unchanged or somewhat sharper price increases.

Key:

- |                |         |
|----------------|---------|
| 1. Index value | 3. Year |
| 2. Month       |         |

#### Great Fear of Unemployment

There is still great fear of unemployment. Even though in the last few months people have seen a slight decline in the number of those registered as unemployed, most people obviously do not expect any decline in joblessness in the longer perspective. As many as two-thirds of those asked in the

barometer of economic conditions survey believed that unemployment will be higher a year from now than it is today.

Pessimism is even more pronounced when people look at the situation half a year from now. As many as three-fourths of those asked replied either that there will be many more people out of work or that there will be more. Only 7 percent thought there will be any decline in unemployment in this period.

If we look at the assessment of unemployment, it turns out that even voters who support the government parties do not really believe unemployment will go down in the next 6 months. Less than 10 percent of Conservative voters believed in a decline in this period. The corresponding figures for the Center Party and the Christian People's Party were 16.2 percent and 6.2 percent respectively. In all three government parties, around two-thirds fear increased unemployment.

Voters for the socialist parties all showed strong fears of increased unemployment. Among voters supporting the Socialist Left Party, as many as 94 percent replied that they fear higher jobless figures. The corresponding figure for Labor voters is 81 percent.

The socialist voters and especially Conservative voters gave somewhat more optimistic replies when assessing the situation a year from now. At that time 25 percent of Conservative voters feel that jobless figures will be lower. The corresponding figures for the Center Party and the Christian People's Party are 19 and 16 percent respectively. But in all three parties there are still over 50 percent who anticipate higher unemployment figures.

6578

CSO: 3639/37

## CONFERENCE EXPERTS VIEW WAGE, PRICE TRENDS AS CRUCIAL

OSLO AFTENPOSTEN in Norwegian 28 Nov 83 p 29

[Article by Ole N. Hoemsnes]

[Text] Lillehammer, 27 Nov--The implementation and execution of economic measures aimed at averting an unfortunate wage and price development was one of the major issues at the conference arranged in Lillehammer by Gudbrandsdal Savings Bank. Both director Kjell Andersen of the OECD in Paris and undersecretary Kjell Storvik of the Finance Ministry gave the matter a great deal of attention in their speeches. Undersecretary Storvik stressed that it is the clear aim of the government to bring price increases down to 6 percent next year.

But it seems that wage developments will create greater problems than anticipated. There is no sign of a decline in wage drift in industry. And for the third quarter of this year wage drift was up around 6 percent on the average.

When it comes to the development in wage costs per unit produced, the national budget estimated an improvement of 5 percent for Norway in 1983. But more recent figures on wage drift in Norway and increased productivity among our trade partners indicate that the improvement will be less than that. Undersecretary Storvik suggested that it could be as low as 2.5 percent.

Employment can be strengthened substantially in the future if we increase our market shares both on the domestic market and the foreign market, said Storvik. But at the same time he stressed that the most important thing then is that wage and price formation be determined to a greater extent on the basis of productivity and price developments in large sectors of our traditional economy where costs and competitiveness are very important.

## Protected Branches

Recently, Storvik said, we have seen clearer signs that wage costs and the lack of profitability in businesses is not just a problem in the branches previously recognized as being exposed to competition. Changes in communications, new production techniques, relative cost relationships and low

utilization of capacity internationally have caused even protected branches to be exposed to competition from abroad to a greater extent.

The problem of competitiveness has been central in Norwegian economic policy in recent years and it is still a central issue, in the view of Stenvik. He pointed out that our big oil revenues play a role and up to now our currency reserves have represented a buffer against swings in our own export volume, but the fundamental thing is that we are dependent on "mainland Norway," where 97 percent of those with jobs work, being able to meet the competition at home and abroad in order to guarantee sales in our traditional branches.

#### Straightening Out Imbalances

OECD director Andersen said that the market upturn we are now seeing in West Europe will hardly be of the good old kind. The upturn is having the biggest impact in the United States while statements in Europe have been more moderate. But he would roughly characterize the 1980's as better than the 1970's.

The main purpose of economic policy in most OECD countries since 1978 has been to straighten out the imbalances that had developed in previous years. But according to Andersen there are many braking factors left which is why the market upswing in Europe is so moderate. Very important in this context is what happens in the United States, which has pursued an expansive fiscal policy. Next year the United States will have a deficit of \$100 billion in its balance of payments. An incredible sum. Added to that is the strength of the dollar. Director Andersen said that the exchange rate of the dollar must go down, but no one could say definitely when this will happen. There is a possibility that there will be a reaction in 1985.

#### Stock Market

The conference also discussed a number of stock market aspects as well as general economic conditions. Stock exchange commissioner Erik Jarve reported on developments for the Oslo Stock Exchange. He advocated closing district stock exchanges, setting up a "second stock exchange" for smaller companies and said it would be in the interests of the business sector if the Oslo Stock Exchange had a monopoly on stock quotations.

The Oslo Stock Exchange considers one of its most important tasks to be the improvement of the conditions imposed for stock savings, said Jarve. It is important to arrive at a harmonic balance in relations between companies and stockholders. The needs of stockholders must be weighed against possible harmful effects on the companies. The whole thing must be seen in light of the primary purpose, namely acquiring capital for the companies as well as giving stockholders a basis for possible profits on their investments.

## Foreign Investors

Financial analyst Erik Schultz of Fondsefinans said that stock investments represent an area of high risk. Therefore one must not be led to believe that everything concerning stocks involves saving. Schultz said that the concession law that sets a 20 percent ceiling on lenders' access to buy stocks in Norwegian firms is pretty meaningless as it is used today. Foreign investors do not buy stocks in Norwegian firms to gain control. They are primarily interested in earning money on their investments, Schultz said.

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CSO: 3639/37

# BANKERS' REACTION TO MONETARY RESERVE BILL

Madrid YA in Spanish 16 Nov 83 p 19

[Article by J.F.B.]

[Text] "Now, everything depends upon the discretionary authority of the government when it comes time to apply the new bank reserve rates." This sentence was extracted from more extensive commentary gathered by this newspaper from directorships of banking organizations when they were asked their opinions on the approval last Monday by Congress of the bill dealing with bank reserve rates. In this case, there is greater fear over future regulations or "recommendations" of the Bank of Spain on the application of the percentages to the liabilities of the banking system for all its financial operations and to those of the middlemen of this sector, than over the specific text of the future law, which must now be approved by the Senate.

In principle, as the government's plans for the next few years are known, the text of the law, which extends to all financial assets the necessity of adherence to the rates policy, has already been adopted by the banking system following the tensions of last summer. The banks are ready to cooperate to ensure that the government's regulations on monetary policy will not fail, because in this event the Bank of Spain would have to increase its reserves at the expense of the private banking system to a percentage higher than it has been maintaining up to now, and it will always find the funds to carry out this action. What is more, a disproportionate increase in liquid assets, which would bring with it a large increase in inflation, would over the medium term be contrary to the best interests of the banks.

## In the Hands of the Government

The bankers also said we must not forget that any draft legislation which this government presents to Parliament will be approved, although the support of the opposition forces will be counted upon; therefore, it will always be better for the schedule not to rise above the limits established by the future bank reserves law. In the same law, the government provides for a maneuverability margin of 20 percent, whereas at present the limit is 11.75 percent, with a little over 1 percentage point still remaining.

Another point under discussion is the upcoming realignment at the top levels of the Bank of Spain. In this regard, it is acknowledged that the new governor will have all-embracing powers to establish the bases for the future rules of the game to which financial organizations will be subject. There is concern over who will replace Alvarez Rendueles and the use that may be made of the legal texts which will be in force at that time; therefore, there is preference for setting the rules of the game beforehand, not at the same time as the change in the "staff" which is to ensure compliance.

There was very favorable comment on the amendments accepted by the Socialist group which were presented by the Popular group with a view to avoiding double reserves. As the bill was finally drafted, the reserve rates will only apply to money received from third parties and not from money derived from the secondary market between the financial intermediaries themselves. The reserve rates could be applied to any instrument issued by the Bank of Spain to remove liquidity from the system (including certificates of monetary regulation in addition to paper money, specie or deposits). Any infractions which may occur will be punishable under the banking regulations law or other specific laws for nonbank intermediaries.

The question remaining to be resolved is consideration of certificates of monetary regulation and promissory notes as part of immobilized assets with a view to reducing the reserve rates which credit organizations must respect. The treasury is opposed to this measure, because in this event it would be paying much higher interest for part of the immobilized funds than the rate set for the mandatory remuneration of these assets.

8143

CSO: 3548/114

# BALCI ON STATE ROLE IN INFRASTRUCTURAL ECONOMICS

Editorial (TUBURİYET in Turkey) 3 Nov 83 p 3

[Article by Ergun Balci in the column "Problems in Politics": "Economic Quest"]

[Text] In our day, etatism is one of the models discussed in the Third World countries that are in search of an economic model. In some Third World countries where evolving capitalism is extremely dependent and deformed, and where socialism, because of lack of a developed working class, faces the danger of being transformed into a bureaucratic dictatorship, etatism or, in other words, a system in which the state regulates and guides the economic life and private enterprise, becomes a subject for discussions. Undoubtedly this problem varies with each country's social structure and level of economic development. However, to become too optimistic about this matter, and to believe that the state is capable of guiding the private enterprise the way it wishes, may lead to wrong conclusions. In countries that seem to be determined to remain within the capitalist system, to assume the state will be able to act independently from the dominant force of the economy and will be able to control the private enterprise, would not be a realistic approach to the problem.

In the capitalist system the state intervenes in economic life to support private enterprise, not to limit it. According to the logic of capitalism, an opposition of state institutions against the private sector is inconceivable. Therefore, even during the period of the most radical etatist practices in Turkey's history between 1932-1940, it had been not possible for the state institutions to play an opposition or a limiting role against the private sector. Had not the state, however, established many industrial enterprises and made new investments during that period of time.

It had done so. Establishments such as Sumerbank (a bank to promote textile industry, Etibank (a bank to promote mining-industry) and Madencilik Bankasi (a bank to promote exploitation of minerals) had made investments in a number of fields such as sugar production, paper and textile industries. Through a law passed in 1936 the determination and control of prices for industrial goods had been given to the Ministry of Industry, and with a law legislated in 1932 it had been accepted that tea, sugar and coffee had to be imported by the state. Etatism in the young Turkish Republic had yielded successful results, and important steps had been taken toward industrialization.

Let us not forget, however, that during the period the state took the industry under control, the industrial bourgeoisie in Turkey was so weak as to be virtually nonexistent. The state had assumed the duty of an industrial bourgeoisie that either did not exist or was in its embryonic form. In spite of the weakness of the industrial bourgeoisie, the law legislated in 1935 giving the state the power to control industrial goods had caused vigorous debates in the parliament. Despite all this, one can not say that the state has been able to pursue an effective policy against big landowners who, at that time, constituted the dominant power in the economy. On the contrary, the landowners seem to be the group having benefited the most from the economic policy of the state. It is very significant that despite the calls for a law providing land to the peasants, made by a leader of the caliber of Ataturk in every opening session of the parliament, such a law could not be legislated. Ataturk's and Ismet Pasha's limitless love for their fatherland, their progressivism and their enthusiasm could not assure that the groups dominating the economy modernized and reformed themselves for the public good.

It can be stated that the transition to the statist model as it was set into practice in 1932 was mostly due to pragmatic reasons rather than ideological ones. The undermining of the Turkish economy by the world crisis (economic) in 1929, and the inability of the bourgeoisie to make a showing on its own up to that time impelled the state to intervene in economic life to support the private enterprise. The capitalist sector accepted this intervention as long as it was to its advantage, and it did not hesitate to show a strong reaction when things went too far. During the period etatism was practiced, the holding of either office of the Minister of Economics or of the Prime Minister by Celal Bayar, who was the trusted advocate of the private enterprise, had played an important role in dispensing the suspicions of this group.

In 1950 the bourgeoisie had shaken off the bureaucratic controls, and until 1956 a rapid development of capitalist relations in agriculture was observed. After 1963 the same development was observed in the industrial bourgeoisie. It may be that this bourgeoisie is unhealthy and externally dependent, has not made any progress beyond the production of durable and non-durable consumer goods, and has been unable to undertake the manufacture of intermediary goods and capital goods. In today's Turkey, however, the bourgeoisie is the dominant force in the economy. To expect bourgeoisie acceptance of controls by well-intentioned bureaucrats would not be so realistic. Indeed, the wing of "Eylem" within the first government of Erim that was formed after the 12th of March (the indirect military coup d'etat on 12 March 1971) was doomed to fall from power when, in bureaucracy's historical yearning, they tried to control the bourgeoisie and to initiate reforms.

In systems dominated by the capitalist mode of production, the resources of the state are used to a great extent for the benefit of the dominant groups in the economy; quotas, promotion measurements, credits etc. are channeled in keeping with the interests of these groups. The attempt of etatism to control or limit private enterprise may face the danger of being transformed into state capitalism. This occurrence, observable today in a range of countries is, in a way even inevitable--the reason being that the state can not be abstracted from the economic infrastructure.

## KETENCI ON WORKER ABILITY TO EXERCISE LEGAL RIGHTS

Istanbul CUMHURIYET in Turkish 1 Dec 83 p 9

[Article by Sukran Ketenci in the column "From the Workers World": "Trade Unionists.."]

[Text] These days, when trade union organization changes are put on the agenda, a lot has been said about bad administration in trade unions, the poor performance of trade unionism, trade union officials, trade union bosses. It was particularly emphasized that the new legislative reforms should first and foremost put an end to trade union bosses.

In the name of putting an end to trade union bosses, to bad trade union administration the No2821 New Trade Union Law severely curtails the workers' right to elect and be elected. Legislative changes also, which narrowed the trade unions' field of activity, their autonomy, which foresaw outside controls for trade unions were designed with an eye to those same aims and motivations.

And, after the Trade Union Law came into effect, work on reconciling its articles began. The new regulations, elaborated in accordance with the law, led to the disappearance of numerous trade unions; additions, changes to sections, new divisions within the framework of those regulations, together with the new law, have totally altered the system of the elections which have taken place. Many trade unions have already elected their Board of Directors; some are still in the process of doing so. One takes a look at the results of the elections, at the new administrative cadres.. After so many changes, after the old system was turned topsy turvy, the amazing result is that almost all the administrative cadres in office are the same. One could say that if no legislative changes, no changes in the system of elections, no organizational changes within the trade unions had taken place, there might have been greater changes today among the cadres.

With the old system totally upset, if nearly all the administrative cadres continue to be the same, inevitably one can reach only two kinds of conclusions: either that: "The administrative cadres of trade unions, contrary to accusations, are made up of very worthy people; that there were no such things as trade union bosses. That workers were very pleased with their administrators. So, even after democracy had been applied to trade unions, they are bringing back into office with their own free will the same cadres.." or else that: "Trade unions truly have useless administrators, even trade union bosses. However, the implementation of the new legislative reforms did not pave the way for democracy in the trade

workers were unable to use their free will, their right to elect and be elected.

But recognizing that our own interpretation leans toward the first approach for the new election results and to the second one for most of them, we must admit at the same time that, while administrative cadres should change frequently for trade unions to be managed properly, we do not favor one solution only. On the contrary, good management of trade unions can be achieved by experienced cadres who remain in office a long time. In the established trade unionism of the past, together with institutionalized personnel cadres who have the expertise, the participation of experienced trade unionists is very important. As the result of 10, 20, 30 years of trade union experience for someone who has lent his assistance to the office of professional Secretary General is not out of the question.

Just as with crooked trade union developments because management fell into the unworthy hands of some cadres, our mistake in looking for a solution was to curtail with the new legislative reforms the right to elect and be elected. The legislation itself finally fell prey to the fear that trade unions might fall suddenly into the hand of those who knew nothing about law or trade unionism and thus, with temporary measures which ensured that the old administrators would remain in office, simply gave those administrators additional rights to elect and be elected. Naturally, although the possibility that in this way undesirable administrative cadres would retain their positions was recognized, important barriers were raised by the many-sided limitations on the right to elect and be elected, against promising new cadres with aptitude for training, who could have risen from the bottom. And while pressures were exerted on trade unions through controls and interventions, to the extent that the principle of worker autonomy itself was threatened, quite incomprehensibly a blind eye was turned on democracy not working within trade unions and on rigged elections.

The result is obvious: the great masses of workers who were unable to use their right to elect and be elected, who knew nothing about trade unionism, legislation, or their own strength and how to use it, are again in the position of being unable to use their influence to attain self-management. The old administrative cadres, who rightly or wrongly, are blamed for the crooked evolution of trade unions in the past are in office as before. Then why were such legal limitations brought to the workers' right to elect and be elected and to their activities in the trade union field? As far as we know, the aim was to prevent crooked, undesirable trade union developments. The aim could not have been, should not have been to restrict the vitality, the functioning, the influence of trade unions. Wherever the error lies, it is necessary to track it, to look for solutions before it is too late.

[2218  
PML 1336/87

## DISAGREEMENTS PLAY A ROLE IN MARITIME INCENTIVES

Istanbul, 20 MAY (in Turkish) (Der. 83 on 1, 7)

[Text] Ankara (ONMVA) - The "Commission for The Promotion of Ship Importing And Building," which was set up to carry out a policy of incentives for the importing and exporting of ships and building them in the nation, is unable to meet with the Maritime Under Secretariat and the DPT's (State Planning Organization) Incentives and Implementation Directorate, which are 2 fundamental organizations in this field, because of "disagreements on principles." As a result of this situation, no resolution can be reached in time concerning petitions for incentive documents for the import and building of ships.

The protocol for cooperation between the Maritime Under Secretariat and the Incentives and Implementation Section Directorate, which was signed 7 June 1980, so that, in accordance with the directives of Premier Bulend Ulusu: "The incentive measures related to ship imports and exports and to the building and dismantling of ships in the nation, which were elaborated with the aim of developing and strengthening the Turkish Merchant Marine fleet" should be carried out according to the new guidelines, has not become effective.

The protocol foresaw that while the Maritime Under Secretariat would be responsible for the "coordination" of the maritime incentives, the DPT and the Maritime Under Secretariat "would ratify jointly" the "basic criteria" in evaluating applications for those incentives and validate them. However, according to the views of the Maritime Under Secretariat, the Promotion Commission was unable to achieve a steady pace in doing its work because of the "DPT Under Secretariat's hindering attitude." As for DPT officials, they claim that: "reviewing incentives in this field requires time and, in compliance with the stipulations of an article of the existing protocol with the Maritime Under Secretariat, until new incentives are determined, in the meantime incentives documents are issued according to previous guidelines."

Officials of the Maritime Under Secretariat whose views were sought regarding rumors that maritime incentives, especially during the past few months, were meeting with delays or were "stopped", stated that "despite repeated invitations the Promotion Commission had been unable to meet because of the DPT's refusal to participate." The Maritime Under Secretariat officials said that "The duty of the Commission, as a consultancy, is to play a coordinating role in coord-

trilling the maritime incentives which are to be implemented, in order to eliminate such drawbacks as not conforming to standards or high priced purchases." And they added that: " Since this question appeared on the agenda, the DPT insists on implementing the incentives according to the old guidelines, without including the Commission." The officials pointed out that "Despite that situation they did not believe there was any question of an official development of the TUB [Turkish Scientific and Technical Research Organization] delaying or stopping maritime incentives; however, if there are any delays those can be traced to the TUB."

12278

CSO: 3554/87

## NATURAL GAS SALES POSITION DETERIORATES

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German  
28 Nov 83 p 2

[Article by "goe": "Holland Facing New Natural Gas Negotiations"]

[Text] The Hague, 27 November—1984 will be an important year for Dutch natural gas exports. As always, in 3-year intervals, negotiations will once again be due on the export agreements with the Netherlands' foreign buyers. In principle, the negotiations concentrate on the price of natural gas, on quantities and on delivery schedules. The contracts stipulate that these negotiations must be completed by 1 October 1984.

Recent conversations by journalists with officials of the economics ministry have shown that the timing of these negotiations will be rather unfavorable from the Dutch point of view. The fact is that due to the economic recession natural gas consumption in Western Europe has reached a low point. Dutch natural gas exports have been declining since 1979 and over the next few years there will be a surplus of natural gas on the European market. The new Russian natural gas pipeline to Western Europe is nearing completion and the natural gas reserves Norway is intent on selling on the European market are constantly increasing.

All this means that the Netherlands has an extremely difficult starting position for its negotiations on gas exports. In view of the new situation the Lubbers government has left open the possibility of increasing gas exports; but whether this will help the Netherlands achieve bigger sales is rather doubtful. The only possibility for the Netherlands to make any headway in the talks is to show enough flexibility in gas delivery schedules to make it interesting for foreign buyers. But if the Netherlands really want to achieve some success and take a strong stand vis-a-vis their foreign customers, they will under all circumstances have to raise the price of natural gas paid by domestic small consumers.

In his newest budget proposal, Minister of Economic Affairs Van Aardenne recently ordered that the market value principle should apply in the fixing of domestic natural gas prices. This "market-oriented" approach means that the price of natural gas to be paid by small consumers will be raised appreciably because that price is tied in principle to the price of heating oil. But Dutch small consumers thus far have been paying less for their

gas. On 1 January 1983, they were paying a good deal less than their counterparts in Belgium or the FRG where the price of natural gas has been much higher than the price of heating oil. The consequence of these differences has been that the neighboring countries are complaining about distorted competitive conditions—for example in the chemical industry and particularly in the production of fertilizers. In the course of the budget debates, a decision was reached gradually to raise the natural gas price to be paid by small consumers to that of heating oil—but at a very slow pace and with a transition period of 3 years.

Negotiations with the foreign natural gas customers on new delivery agreements have always been difficult—even at times when the Netherlands was in a better position than today. In 1980, for instance, Nederlandse Gasunie, the distributor and seller of the gas, tried without success to establish a closer link between the export price for natural gas and the price of oil.

Not until a later date did special government commissioner Spierenburg succeed in obtaining satisfactory results in the course of delicate, political negotiations. The natural gas export price is now pegged at 90 percent of the oil price. The delay in adjusting the linkage has been reduced to some 5 months. As a concession for the fact that the natural gas agreements with the FRG, Belgium and France—but not with Italy—were adjusted, the Netherlands agreed to supply their customers with the amounts contracted for beyond the duration of existing agreements although the amounts themselves may not be increased. But in the recent past this very flexibility has affected the Netherlands adversely. Since the foreign customers are not able to cut down on gas imports from the Netherlands without any detrimental effect on the contractual agreements, the big drop in the demand for natural gas in Western Europe has been disadvantageous for the Netherlands.

The high point in Dutch natural gas exports was reached in 1976 when some 50 billion cubic meters were exported. The original assumption was that exports would gradually decline in the mid-nineties. The fact is, however, that they have already been dropping sharply over the past several years. Between 1979 and 1982, they declined by more than 30 percent. 1982 in particular was a very bad year. Exports amounted to less than 35 billion cubic meters—almost 20 percent less than the year before.

1982 also was a very disappointing year from the financial standpoint. As a result of the Spierenburg negotiations, income from natural gas exports in 1980 and 1981 rose sharply despite declining sales. In 1980, it amounted to 9.5 billion guilders and in 1981, 13.4 billion guilders. In 1982, income dropped back to 13 billion guilders. This imposed a heavy burden on the Dutch budget, of course, which already had run up large deficits. The 1982 budget proposal still called for natural gas income in 1986 amounting to 32.2 billion guilders (in both domestic and foreign sales). The 1983 budget proposal revised that figure downward to 23.2 billion guilders. To make up for these deficits to some extent, the decision was reached to make greater use of natural gas domestically once again.

In addition to this expansion on the domestic market, thought has also been given to introducing more generous export policies. This shift in Dutch sales strategy which used to be oriented to reserving the gas for domestic use was "leaked" by a high-ranking official of the ministry of economic affairs around the middle of last year in Brussels. He had let it be understood that the Netherlands was interested in giving foreign customers an opportunity to buy additional quantities of natural gas. The reason he gave was that in view of expected sales Netherlands gas stocks were larger than they had ever been and that additional exports were therefore justifiable. But both the ministry and Gasunie have had to admit that there is almost no way gas exports can be increased in the short term in order to offset low income. Those foreign customers who are interested in new and additional export agreements are merely concerned with a continuation of gas imports after deliveries on current agreements and those which have a running time until the mid-nineties are completed.

The export agreements with the FRG, France, Belgium and Italy call for delivery of some 400 billion cubic meters of natural gas over the next approximately 15 years. These countries would most like to see the Netherlands maintain exports at the same levels for a few years after the current contracts run out and then rapidly reduce them. The shift to a type of natural gas different from the low-caloric Dutch variety must be effected quickly, since the facilities have to be rebuilt to accomodate it. The Dutch, on the other hand, are interested in a gradual reduction in exports because this would help cushion the shock of the lost revenues.

9478

CSO: 3620/109

## BRIEFS

COUNTRY JOINS ANTARCTIC PACT--New York. Within a short time Finland plans to sign the International Antarctic Agreement. This was announced by Minister Paavo Keisalo when on Tuesday he disclosed Finland's position on the Antarctic question in support of the UN General Assembly. The Antarctic Agreement was signed in 1959. So far 28 countries have signed it. Interest in the agreement has grown during recent years as a result of increasing scientific research concerning the natural resources of the Antarctic. In practice the agreement means complete demilitarization of the Antarctic. [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 30 Nov 83 p 2] 9287

CSO: 3650/65

## PCB AMONG POSSIBLE CHEMICALS HARMING BALTIC SEA SEALS

Stockholm SVENSKA DAGBLADET in Swedish 2 Nov 83 p 27

[Article by Lennart Lundegardh]

[Text] The male seal lying there on the still-shining autopsy table at the National Museum in Stockholm was terribly thin. An incision with the scalpel would soon reveal that his layer of fat was only 1.5 cm thick. At this time of the year, it should be between 6 and 7 cm.

This means that this ringed seal had not been well. Moreover, the skin on its face and its front flippers (forelimbs) was thickened, hairless, and covered with wounds as though lacerated by its claws. Had it been itching? Do wounds smart in the water on seals, too?

SVENSKA DAGBLADET's science reporters had a unique opportunity to be present at an autopsy on a seal. It was performed by curator Mats Olsson, who is the National Museum's seal expert, and veterinarian Anders Bergman of the Department of Pathology at the Agricultural University's School of Veterinary Medicine.

They have spent years bending over the corpses of seals that helpful coast guardsmen, police officers and coastal residents have found and sent in. Sometimes the bodies have decomposed to such an extent that morbid changes in the animals are difficult to see. But many bodies of seals (and an increasing number of them just recently) have been well preserved.

#### Afflicted Seals

In the course of the work, there has developed a shocking picture of how ill and afflicted many of our seals are.

The atmosphere in the autopsy room was strangely peaceful. The procedure is routine by now. As a result of performing about 100 autopsies to date, Anders Bergman and Mats Olsson have learned more and more about the pathology of Baltic Sea seals, a subject about which practically nothing was known previously.



But most of the seals seem to have been gray seals. Anders Bergman and Met-  
Olsen have limited the results of the autopsies they have performed on a  
total of 29 adult female gray seals. The list of their diseases makes depress-  
ing reading.

#### Sterility Common

In 15 out of 29 cases, adhesions were found in the uterus. That is 50 percent,  
and the percentage is rising. In most of them, the uterine tubes were com-  
pletely sealed off, making the seals sterile.

The adhesions are found in the areas where the fetal membranes would be located,  
indicating that the phenomenon is related to development of the fetus and mis-  
carriage.

Anders Bergman says: "Something happens during gestation to cause fetal death  
and spontaneous abortion. And we have noted inflammations in the uterus which  
in one case could have been related to the death of the fetus."

Benign tumors in the uterus are approximately as common as adhesions.

Inflammation of the kidneys affected 25 percent of the female seal autopsies.  
In two cases, other findings showed that the animals had died of chronic kid-  
ney failure.

Changes in the adrenal glands were found in 5 of the 29 seals. That is a sign  
of hormonal disturbances.

Local, chronic, and deep intestinal ulcers were found in seven of the autopsied  
female seals. In three of the cases, there were punctures in the intestinal  
wall, and the subsequent peritonitis was what had killed the animals.

#### Serious Handicap

Changes in the claws are a phenomenon that the scientists have seen several  
times in recent years. The claws are brittle and cracked or simply broken off  
inside the limbs. Some of the claws on one female gray seal found dead at  
Landsort in September were bent upward like the tips of skis instead of being  
cupped downward.

That is a serious handicap for a seal, which uses its claws not only to climb  
out of the water onto rocks and ice, but also literally to filet large fish.

Liver damage: Here the scientists are waiting for more material and especially  
really recent seal corpses to be able to make more certain evaluations. A  
liver decomposes especially fast.

So that in the picture of a number of seals that died natural deaths or drowned,  
is it representative of the entire population of gray seals, which in the Baltic  
Sea consists of between 1,000 and 1,500 animals?



A seal's claws should look like those on the foot at the top. The scientists are now finding animals with deformed, brittle, or completely missing claws, like those on the foot at the bottom.

#### Hormone Balance Disturbed

Mats Olsson says: "We cannot go out and kill specimens of an endangered species to find out for sure. Perhaps our material is not so extensive, but we nevertheless venture to draw the conclusion that a lot of sick seals are swimming around in the Baltic Sea today."

Anders Bergman says: "Many of these autopsy findings can probably be related to a change in hormone balance. And in other contexts, it has been possible to trace such changes to organic chlorinated pollutants such as, for example, the environmental poison PCB."

Each new discovery of a dead seal is tragic, but at the same time, it gives the scientists a chance to learn more about the situation of the poor animals. There is deep gratitude at the fact that people are willing to help by sending in the bodies.

The little ringed seal from Byske was autopsied in Stockholm only a couple of days after it was found. It weighed 40 kilograms when it died. If everything had been all right, it would have weighed almost 100.

11/788

CSO: 3650/40

## BRIEFS

INDUSTRIAL COOPERATION AGAINST POLLUTION--The participation of industrialists in planning the "city-planning reconstruction" enterprise, drafting the framework-law for the environment and implementing the program to fight pollution in Athens was sought on 21 November by Minister of Urban Planning, Housing and Environment A. Tritsis during his meeting with representatives of the Association of Greek Industrialists (SEV) and of the Association of Attiki and Piraeus Industrialists (SVAP). More specifically, it was decided that industrialists should be activated at this time, when the urban-planning studies of all the cities are being composed, so that industrial and handicraft parks will be placed correctly. The two sides agreed, furthermore, that the technical issues of the new law on the environment should be discussed in joint committees and that the procedures for implementation of the program of action against smoke and dust should proceed. [Text] [Athens 1 KATHIMERINI in Greek 22 Nov 83 p 3] 9247

CSO: 3521/85

## WATER TREATMENT PLANT FOR MANZANARES RIVER

Madrid ABC in Spanish 8 Nov 83 p 37

[Text] The minister of public works and urban affairs, Julian Campo; the mayor of Madrid, Enrique Tierno Galvan; the vice president of the Madrid community, Cesar Cimadevilla; and a large group of personalities yesterday inaugurated in the early afternoon the central Viveros de Villa industrial waste purification plant.

Its primary mission, according to the councillor in charge of urban affairs and environment, Jesus Espelosin, is purifying all waters emptying into the Manzanares channel as they pass through Madrid. Therefore, this plant will be in charge of fulfilling the municipal promise for clear water with fish in the Madrid River.

In addition, according to the experts, the new treatment plant will eliminate or reduce in large measure the bad odors which the old Viveros center used to produce and which provoked loud protests in the surrounding area, primarily by the successive presidents of the government who have lived or live in the Moncloa Palace, located a few meters from the plant.

## Technical Data

The Viveros de la Villa treatment plant, located on a plot of 70,000 square meters, treats water for the entire northern area of Madrid (Mirasierra, Pilar barrio, La Coma, El Pardo, Puerto de Hierro...), with an approximate population of 700,000 people who, up to now, used to dump, in large measure without being treated, into the Manzanares and were responsible for the filth and bad odors of the river.

Works began in August 1981 and ended this past September. The average flow of water which it treats is 2.18 cubic meters per second, although it can handle up to 4.44 cubic meters per second.

This water treatment plant is the second to be built on the same spot. The first Viveros de Villa center was built by an agency which has fortunately disappeared, Channeling of the Manzanares, which turned it over to the Madrid city council like the whole urbanization of the river (including

irregularities such as the grandstand at the Manzanares stadium over a freeway). The water treatment plant, insufficient for the flow it was supposed to handle and with serious construction defects, never functioned well. To date it has been a source of bad odors for the whole surrounding area. The condition of the Manzanares River describes the effectiveness of this water treatment facility.

For that reason, within the integral drainage plan construction of the second Viveros treatment plant was undertaken and is the one which, with its much larger size and adequate capabilities, was inaugurated yesterday. At this juncture it is the largest of those constructed, although it will be surpassed in the future by the enlargement of La China and above all by the large Sur treatment plant.

One of the most talked about installations at the treatment plant was the production of methane gas starting with processing of mud (18,000 cubic meters daily) which is used as an energy source for running the plant, which presupposes the recovery of 70 percent of the energy used in it.

9436

CSO: 3548/103

## 'ACID RAIN' HAS BEGUN TO KILL FORESTS IN SOUTH

Stockholm DAGENS NYHETER in Swedish 13 Nov 83 p 40

[Article by Thomas Michelsen]

[Text] "Every year I'm forced to cut down damaged trees here at the edge of the forest. They dry out at the top and look bad," says Claes Mattisson, a forest owner near Brakne Hoby in the middle of Blekinge.

County Forest Officer Gustaf Fredriksson says: "It's the polluted air that is affecting your spruce trees."

The fact is that the European "forest death" has reached southern Sweden. For many years it has been forcing the owners of forests on exposed land to remove damaged trees.

Gustaf Fredriksson says: "More and more of the felling is going to be determined by the damage that is done."

The sick spruces with their sparse or dead crowns stand on high ridges and at the edge of forests. They are usually older trees, and most of them are spruce firs over 70 or 80 years old.

They are found in scattered locations in Blekinge and on the west coast. But it still takes an expert or someone very familiar with the area to find the visible traces of forest death.

Moreover, most forest owners try to do what Claes Mattisson does: cut the sick trees down and sell them before the timber is ruined.

## Inventory

No one knows how close Sweden is to a forest catastrophe like the one now affecting the FRG, where the damage has spread through the forests at breakneck speed over the past 2 or 3 years.

Only now is the Swedish Board of Forestry beginning a first urgent inventory of the damage done to Sweden's forests.

What is known, however, is that the level of several pollutants dangerous to forests is rising in southern Sweden. The levels being measured there are approaching the level in the FRG.

Current research also shows that the forest soil in southern Sweden has become much more acid over the past few decades. Acidification of the soil is one of several concurrent reasons for the forest stress disease known as forest death.

Acidification is a slow and, at first, imperceptible process. Long-term data are needed to be able to discover changes. Prof Carl Olof Tamm has had the benefit of measurements taken by his father in 1927.

#### Soil More Acid

In a forest area in Simlångsdalen in Halland, his father had measured the degree of soil acidity in a very large number of places. Scientists are now going back to those exact spots and taking new measurements.

Carl Olof Tamm, who works for the Forest Ecology Division in Ultuna, says: "We are finding that the soil has become considerably more acid. This has occurred regardless of the species of tree growing in the soil. We believe it is due to acid precipitation. We have just started making similar comparisons with old measurements in Norrland. There the acidification does not seem to be nearly as bad."

And in fact, the pollution reaching Norrland's forests totals only a fraction of that affecting forests in southern Sweden.

Prof Folke Andersson, who is a systems ecologist at Ultuna, says: "We must take a serious view of the damage we are finding in the forests of southern Sweden. It is important that we keep a careful watch on the forest stands. Damage from gases such as ozone can happen very quickly. Like the FRG, we also have high ozone levels."

Folke Andersson places particular emphasis on the constantly increasing threat from nitric oxides in the air.

He says: "Since 1940 or 1950, the nitric oxide level has doubled. If things continue as they have so far without anything being done, the nitric oxide level in the air will double again over the next 25 years."

#### "Artificial Fertilizer"

At first, nitrogen precipitation acts as a gentle rain of artificial fertilizer over the forest. But when the forest is saturated and cannot absorb more, the nitrogen acts as an acidifier.

"I would not be surprised to see damage to the forests spread in southern Sweden over the next few years. It may become significant locally. But farther up in the country, there is no imminent catastrophe," says Jan Remrod of Kornas Marma, who coordinates measures by the forest firms to counteract forest death.

Reared says: "But we are slowly taking away the forest's ability to resist the pollutants. What is uncertain is how long it will take. There has been talk of adding more deciduous trees to the forest. But all that will do is postpone the catastrophe for a few decades."

#### Aluminum

Jan Nilsson, who coordinates the Environmental Protection Board's research in this field, says: "Here we are finding the same high aluminum content in the water in the soil that we know is damaging tree roots in the FRG."

"We know too little about ozone gas. But we are measuring levels here that are not noticeably different from the levels known to be damaging crops in the United States and the FRG."

Ozone is formed by the effect of sunlight on nitric oxides.

Jan Nilsson says: "The high ozone levels mean that we must keep an eye on auto exhausts. Automobiles produce 60 percent of the nitric oxides."

#### Conifers Hardest Hit by Air Pollution

The forest takes nourishment not only from the soil. The trees also absorb substances they need for growth from the air.

Some of these substances are collected directly through the crown. And others are washed by rain from the needles and leaves down to the roots under the tree.

It is the latter process which has become the forest's misfortune now that man is sending out unbelievable quantities of pollutants to be spread in the air. And those hardest hit are the conifers, which keep their needles as a filter of air and wind throughout the year.

The nitrogen in the nitric oxides released in car exhausts is an important nutrient for trees and other plants. But when the forest has received enough, the rest of the nitrogen enters the soil as nitric acid and turns it acid.

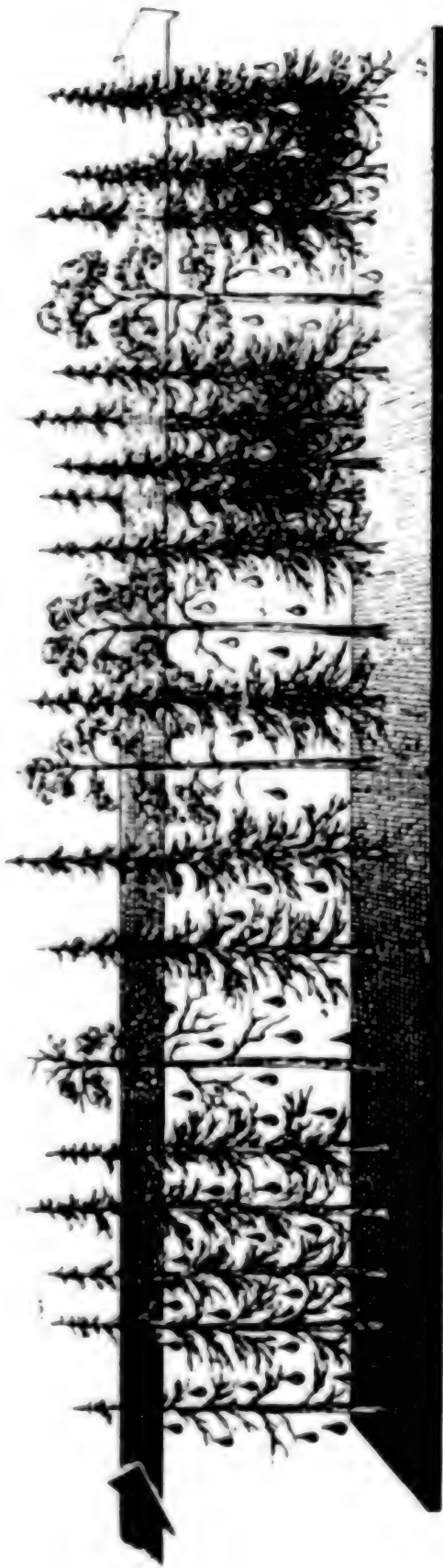
The trees absorb sulfur and sulfuric acid from the air in the same way. They can use only a minute amount, and most of it goes on to make soil and lakes more acid.

People talk about acid rain. But most of the substances that may be useful in small quantities are dry. When their volume is too great, they become harmful to the forest.

Material in the form of gas and particulates collects on the tree crowns--mostly on conifers--from where it is washed down into the soil by rain.

#### Only a Fraction

The Institute for Water and Air Pollution Research [IVL] in Goteborg has measured the amount of nitrogen and sulfur that the trees can absorb from the air.



A forest completely absorbs air pollutants. And almost all pollutants get caught on the first trees at the edge of the forest or on trees higher than the rest. The grove shown in the illustration is located on the west coast, with the wind coming from the west (the left side of the illustration).

By measuring the dripping under the trees in the grove, scientists at the IVL have explained why trees at the forest's edge and others in an exposed location are the ones first attacked by forest death: they are the trees that absorb the most pollutants from the air.

Rain washes the pollutants down from the tree crowns to the soil, with the result that the soil under the trees that have absorbed the most pollutants is affected most. Twice as much sulfuric acid and three times as much nitric acid are washed down under the trees at the forest's edge as are deposited 50 meters farther into the forest.

Rain falling directly from the sky contains only a fraction of the amount of sulfur and nitrogen contained in droplets falling through the tree crowns.

At Gardsjon north of Goteborg, for example, between 9 and 10 kilograms of sulfur per hectare are deposited directly by rainfall. Under the crowns of old spruce forests, the figure is three times as high: 27 kilograms per hectare. This represents what the spruces have collected on their needles in the form of dry deposition, and it does not reach the soil until it is washed down by the rain.

At first, the acid water reaching the ground under a spruce forest may leach nutrients from the soil so that the tree roots find it easier to get at them. Prof Carl Olof Tamm and others have shown that sulfuric acid may improve forest growth at first. But after a number of years, growth begins to deteriorate instead.

The reason is that after a time, the acid washes away important nutrients, and the trees suffer a deficiency. In place of those nutrients, the acid may leach substances from the soil that are poisonous to the trees, primarily aluminum and heavy metals.

A study started at the IVL by Hans Hultberg and Bengt Hasselrot shows how a grove of trees functions as an air filter. The trees at the edge of a forest, which are the ones most exposed to wind, filter most of the pollutants from the air and are therefore the first to be damaged. See the illustration on the preceding page.

11798

CSO: 3650/40

**LEAD FROM AUTO EXHAUSTS FOUND POLLUTING WATER COURSES**

Stockholm SVENSKA DAGBLADET in Swedish 22 Nov 83 p 11

[Text] Lead from auto exhausts is polluting the water courses more than what was previously known. The levels of zinc, copper and cadmium in the water are probably also increasing as a result of growing automobile traffic.

This is evident from the report "The Effect of Traffic on Day Water" from the traffic unit of the Environmental Protection Board.

Day water is the rain and melted snow which is returned to nature by our streets and other hardened surfaces. In densely populated areas the day water is conducted through pipes in the ground directly into lakes and other water courses--usually without purification.

'Clear Link'

"There is a clear link between too much traffic and a high level of lead, above all, in the day water," says staff engineer Marianne Pettersson at the traffic unit of the Environmental Protection Board.

"Such a connection is also likely to be found in the water courses which receive this day water," she says.

Measurement results from Swedish tests show large differences in the lead content of day water. In residential areas with low, open dwellings 60-220 micrograms of lead per liter day water have been measured. In more densely settled areas the contents were 120-220 micrograms per liter. In areas with dense traffic, on the other hand, the contents were between 190 and 850 micrograms per liter.

The mean value of the maximum lead contents measured in the various areas are 260, 781 and 1,281 micrograms per liter.

**Brakes**

The major part of the lead comes from auto exhausts. Brakes, tires and road surfaces also give off pollution, however, primarily zinc, cadmium and copper.

"The zinc and cadmium levels in day water show a tendency to increase with greater traffic intensity, and for copper there is an indication of an increase," Marianne Pettersson says.

"As yet we do not know how these metals affect plant and animal life in the lakes."

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19 JAN 1983

## BALCI ON STATE ROLE IN INFRASTRUCTURAL ECONOMICS

Istanbul CUMHURİYET in Turkish 3 Nov 83 p 3

[Article by Ergun Balci in the column "Problems in Politics": "Economic Quest"]

[Text] In our day, etatism is one of the models discussed in the Third World countries that are in search of an economic model. In some Third World countries where evolving capitalism is externally dependent and deformed, and where socialism, because of lack of a developed working class, faces the danger of being transformed into a bureaucratic dictatorship, etatism or, in other words, a system in which the state regulates and guides the economic life and private enterprise, becomes a subject for discussions. Undoubtedly this problem varies with each country's social structure and level of economic development. However, to become too optimistic about this matter, and to believe that the state is capable of guiding the private enterprise the way it wishes, may lead to wrong conclusions. In countries that seem to be determined to remain within the capitalist system, to assume the state will be able to act independently from the dominant force of the economy and will be able to control the private enterprise, would not be a realistic approach to the problem.

In the capitalist system the state intervenes in economic life to support private enterprise, not to limit it. According to the logic of capitalism, an opposition of state institutions against the private sector is inconceivable. Therefore, even during the period of the most radical etatist practices in Turkey's history between 1932-1940, it had been not possible for the state institutions to play an opposition or a limiting role against the private sector. Had not the state, however, established many industrial enterprises and made new investments during that period of time.

It had done so. Establishments such as Sumerbank (a bank to promote textile industry, Etibank (a bank to promote mining-industry) and Madencilik Bankasi (a bank to promote exploitation of minerals) had made investments in a number of fields such as sugar production, paper and textile industries. Through a law passed in 1936 the determination and control of prices for industrial goods had been given to the Ministry of Industry, and with a law legislated in 1932 it had been accepted that tea, sugar and coffee had to be imported by the state. Etatism in the young Turkish Republic had yielded successful results, and important steps had been taken toward industrialization.

Let us not forget, however, that during the period the state took the industry under control, the industrial bourgeoisie in Turkey was so weak as to be virtually nonexistent. The state had assumed the duty of an industrial bourgeoisie that either did not exist or was in its embryonic form. In spite of the weakness of the industrial bourgeoisie, the law legislated in 1936 giving the state the power to control industrial goods had caused vigorous debates in the parliament. Despite all this, one can not say that the state has been able to pursue an effective policy against big landowners who, at that time, constituted the dominant power in the economy. On the contrary, the landowners seem to be the group having benefited the most from the economic policy of the state. It is very significant that despite the calls for a law providing land to the peasants, made by a leader of the caliber of Ataturk in every opening session of the parliament, such a law could not be legislated. Ataturk's and Ismet Pasha's limitless love for their fatherland, their progressivism and their enthusiasm could not assure that the groups dominating the economy modernized and reformed themselves for the public good.

It can be stated that the transition to the etatist model as it was set into practice in 1932 was mostly due to pragmatic reasons rather than ideological ones. The undermining of the Turkish economy by the world crisis (economic) in 1929, and the inability of the bourgeoisie to make a showing on its own up to that time impelled the state to intervene in economic life to support the private enterprise. The capitalist sector accepted this intervention as long as it was to its advantage, and it did not hesitate to show a strong reaction when things went too far. During the period etatism was practiced, the holding of either office of the Minister of Economics or of the Prime Minister by Celal Bayar, who was the trusted advocate of the private enterprise, had played an important role in dispensing the suspicions of this group.

In 1960 the bourgeoisie had shaken off the bureaucratic controls, and until 1956 a rapid development of capitalist relations in agriculture was observed. After 1963 the same development was observed in the industrial bourgeoisie. It may be that this bourgeoisie is unhealthy and externally dependent, has not made any progress beyond the production of durable and non-durable consumer goods, and has been unable to undertake the manufacture of intermediary goods and capital goods. In today's Turkey, however, the bourgeoisie is the dominant force in the economy. To expect bourgeoisie acceptance of controls by well-intentioned bureaucrats would not be so realistic. Indeed, the wing of "Eleven" within the first government of Erim that was formed after the 12th of March (the indirect military coup d'etat on 12 March 1971) was doomed to fall from power when, in bureaucracy's historical yearning, they tried to control the bourgeoisie and to initiate reforms.

In systems dominated by the capitalist mode of production, the resources of the state are used to a great extent for the benefit of the dominant groups in the economy; quotas, promotion measurements, credits etc. are channeled in keeping with the interests of these groups. The attempt of etatism to control or limit private enterprise may face the danger of being transformed into state capitalism. This occurrence, observable today in a range of countries is, in a way even inevitable--the reason being that the state can not be abstracted from the economic infrastructure.

## KETENCI ON WORKER ABILITY TO EXERCISE LEGAL RIGHTS

Istanbul CUMHURIYET in Turkish 1 Dec 83 p 9

[Article by Sukran Ketenci in the column "From the Workers World": "Trade Unionists.."]

[Text] These days, when trade union organization changes are put on the agenda, a lot has been said about bad administration in trade unions, the poor performance of trade unionism, trade union officials, trade union bosses. It was particularly emphasized that the new legislative reforms should first and foremost put an end to trade union bosses.

In the name of putting an end to trade union bosses, to bad trade union administration the No2821 New Trade Union Law severely curtails the workers' right to elect and be elected. Legislative changes also, which narrowed the trade unions' field of activity, their autonomy, which foresaw outside controls for trade unions were designed with an eye to those same aims and motivations.

And, after the Trade Union Law came into effect, work on reconciling its articles began. The new regulations, elaborated in accordance with the law, led to the disappearance of numerous trade unions; additions, changes to sections, new divisions within the framework of those regulations, together with the new law, have totally altered the system of the elections which have taken place. Many trade unions have already elected their Board of Directors; some are still in the process of doing so. One takes a look at the results of the elections, at the new administrative cadres.. After so many changes, after the old system was turned topsy turvy, the amazing result is that almost all the administrative cadres in office are the same. One could say that if no legislative changes, no changes in the system of elections, no organizational changes within the trade unions had taken place, there might have been greater changes today among the cadres.

With the old system totally upset, if nearly all the administrative cadres continue to be the same, inevitably one can reach only two kinds of conclusions: either that: "The administrative cadres of trade unions, contrary to accusations, are made up of very worthy people; that there were no such things as trade union bosses. That workers were very pleased with their administrators. So, even after democracy had been applied to trade unions, they are bringing back into office with their own free will the same cadres.." or else that: "Trade unions truly have useless administrators, even trade union bosses. However, the implementation of the new legislative reforms did not pave the way for democracy in the trade

...The workers were unable to use their free will, their right to elect and be elected."

After emphasizing that our own interpretation leans toward the first approach for very few election results and to the second one for most of them, we must point out at the same time that, while administrative cadres should change frequently for trade unions to be managed properly, we do not favor one solution only. On the contrary, good management of trade unions can be achieved by experienced cadres who remain in office a long time. In the established trade unionism of the West, together with institutionalized personnel cadres who have the expertise, the contribution of experienced trade unionists is very important. As the result of 10, 20, 30 years of trade union experience for someone who has lent his assistance to be elected to the office of professional Secretary General is not out of the question.

When faced with crooked trade union developments because management fell into the unworthy hands of some cadres, our mistake in looking for a solution was to curtail with the new legislative reforms the right to elect and be elected. The legislator himself finally fell prey to the fear that trade unions might fall suddenly into the hand of those who knew nothing about law or trade unionism and thus, with temporary measures which ensured that the old administrators would remain in office, simply gave those administrators additional rights to elect and be elected. Naturally, although the possibility that in this way undesirable administrative cadres would retain their positions was recognized, important barriers were raised by the many sided limitations on the right to elect and be elected, against promising new cadres with aptitude for training, who could have risen from the bottom. And while pressures were exerted on trade unions through controls and interventions, to the extent that the principle of worker autonomy itself was threatened, quite incomprehensibly a blind eye was turned on democracy not working within trade unions and on rigged elections.

The result is obvious: the great masses of workers who were unable to use their right to elect and be elected, who knew nothing about trade unionism, legislation, or their own strength and how to use it, are again in the position of being unable to use their influence to attain self-management. The old administrative cadres, who rightly or wrongly, are blamed for the crooked evolution of trade unions in the past are in office as before. Then why were such legal limitations brought to the workers' right to elect and be elected and to their activities in the trade union field? As far as we know, the aim was to prevent crooked, undesirable trade union developments. The aim could not have been, should not have been to restrict the vitality, the functioning, the influence of trade unions. Wherever the error lies, it is necessary to track it, to look for solutions before it is too late.

12278

CSO: 3554/87

## DISAGREEMENT DELAYS WORK ON MARITIME INCENTIVES

Istanbul DUNYA in Turkish 1 Dec 83 pp 1,7

[Text] Ankara (DUNYA) - The "Commission For The Promotion of Ship Importing And Building," which was set up to carry out a policy of incentives for the importing and exporting of ships and building them in the nation, is unable to meet with the Maritime Under Secretariat and the DPT's [State Planning Organization] Incentives and Implementation Directorate, which are 2 fundamental organizations in this field, because of "disagreements on principles." As a result of this situation, no resolution can be reached in time concerning petitions for incentives documents for the import and building of ships.

The protocol for cooperation between the Maritime Under Secretariat and the Incentives and Implementation Section Directorate, which was signed 7 June 1983 so that, in accordance with the directives of Premier Bulend Ulusu: "The incentives measures related to ship imports and exports and to the building and dismantling of ships in the nation, which were elaborated with the aim of developing and strengthening the Turkish Merchant Marine fleet" should be carried out according to the new guidelines, has not become effective.

The protocol foresaw that while the Maritime Under Secretariat would be responsible for the "coordination" of the maritime incentives, the DPT and the Maritime Under Secretariat "would ratify jointly" the "basic criteria" in evaluating applications for those incentives and validate them. However, according to the views of the Maritime Under Secretariat, the Promotion Commission was unable to achieve a steady pace in doing its work because of the "DPT Under Secretariat's hindering attitude." As for DPT officials, they claim that: "reviewing incentives in this field requires time and, in compliance with the stipulations of an article of the existing protocol with the Maritime Under Secretariat, until new incentives are determined, in the meantime incentives documents are issued according to previous guidelines."

Officials of the Maritime Under Secretariat whose views were sought regarding rumors that maritime incentives, especially during the past few months, were meeting with delays or were "stopped", stated that "despite repeated invitations the Promotion Commission had been unable to meet because of the DPT's refusal to participate." The Maritime Under Secretariat officials said that "The duty of the Commission, as a councillorship, is to play a coordinating role in cont-

trolling the maritime incentives which are to be implemented, in order to eliminate such drawbacks as not conforming to standards or high priced purchases." And they added that: " Since this question appeared on the agenda, the DPT insists on implementing the incentives according to the old guidelines, without including the Commission." The officials pointed out that "Despite that situation they did not believe there was any question of an official development of the TUB [Turkish Scientific and Technical Research Organization] delaying or stopping maritime incentives; however, if there are any delays those can be traced to the TUB."

12278

CSO: 3554/87

## NATURAL GAS SALES POSITION DETERIORATES

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German  
28 Nov 83 p 2

[Article by "goe": "Holland Facing New Natural Gas Negotiations"]

[Text] The Hague, 27 November—1984 will be an important year for Dutch natural gas exports. As always, in 3-year intervals, negotiations will once again be due on the export agreements with the Netherlands' foreign buyers. In principle, the negotiations concentrate on the price of natural gas, on quantities and on delivery schedules. The contracts stipulate that these negotiations must be completed by 1 October 1984.

Recent conversations by journalists with officials of the economics ministry have shown that the timing of these negotiations will be rather unfavorable from the Dutch point of view. The fact is that due to the economic recession natural gas consumption in Western Europe has reached a low point. Dutch natural gas exports have been declining since 1979 and over the next few years there will be a surplus of natural gas on the European market. The new Russian natural gas pipeline to Western Europe is nearing completion and the natural gas reserves Norway is intent on selling on the European market are constantly increasing.

All this means that the Netherlands has an extremely difficult starting position for its negotiations on gas exports. In view of the new situation the Lubbers government has left open the possibility of increasing gas exports; but whether this will help the Netherlands achieve bigger sales is rather doubtful. The only possibility for the Netherlands to make any headway in the talks is to show enough flexibility in gas delivery schedules to make it interesting for foreign buyers. But if the Netherlands really want to achieve some success and take a strong stand vis-a-vis their foreign customers, they will under all circumstances have to raise the price of natural gas paid by domestic small consumers.

In his newest budget proposal, Minister of Economic Affairs Van Aardenne recently ordered that the market value principle should apply in the fixing of domestic natural gas prices. This "market-oriented" approach means that the price of natural gas to be paid by small consumers will be raised appreciably because that price is tied in principle to the price of heating oil. But Dutch small consumers thus far have been paying less for their

gas. On 1 January 1983, they were paying a good deal less than their counterparts in Belgium or the FRG where the price of natural gas has been much higher than the price of heating oil. The consequence of these differences has been that the neighboring countries are complaining about distorted competitive conditions—for example in the chemical industry and particularly in the production of fertilizers. In the course of the budget debates, a decision was reached gradually to raise the natural gas price to be paid by small consumers to that of heating oil—but at a very slow pace and with a transition period of 3 years.

Negotiations with the foreign natural gas customers on new delivery agreements have always been difficult—even at times when the Netherlands was in a better position than today. In 1980, for instance, Nederlandse Gasunie, the distributor and seller of the gas, tried without success to establish a closer link between the export price for natural gas and the price of oil.

Not until a later date did special government commissioner Spierenburg succeed in obtaining satisfactory results in the course of delicate, political negotiations. The natural gas export price is now pegged at 90 percent of the oil price. The delay in adjusting the linkage has been reduced to some 5 months. As a concession for the fact that the natural gas agreements with the FRG, Belgium and France—but not with Italy—were adjusted, the Netherlands agreed to supply their customers with the amounts contracted for beyond the duration of existing agreements although the amounts themselves may not be increased. But in the recent past this very flexibility has affected the Netherlands adversely. Since the foreign customers are not able to cut down on gas imports from the Netherlands without any detrimental effect on the contractual agreements, the big drop in the demand for natural gas in Western Europe has been disadvantageous for the Netherlands.

The high point in Dutch natural gas exports was reached in 1976 when some 50 billion cubic meters were exported. The original assumption was that exports would gradually decline in the mid-nineties. The fact is, however, that they have already been dropping sharply over the past several years. Between 1979 and 1982, they declined by more than 30 percent. 1982 in particular was a very bad year. Exports amounted to less than 35 billion cubic meters—almost 20 percent less than the year before.

1982 also was a very disappointing year from the financial standpoint. As a result of the Spierenburg negotiations, income from natural gas exports in 1980 and 1981 rose sharply despite declining sales. In 1980, it amounted to 9.5 billion guilders and in 1981, 13.4 billion guilders. In 1982, income dropped back to 13 billion guilders. This imposed a heavy burden on the Dutch budget, of course, which already has run up large deficits. The 1982 budget proposal still called for natural gas income in 1986 amounting to 32.2 billion guilders (in both domestic and foreign sales). The 1983 budget proposal revised that figure downward to 23.2 billion guilders. To make up for these deficits to some extent, the decision was reached to make greater use of natural gas domestically once again.

In addition to this expansion on the domestic market, thought has also been given to introducing more generous export policies. This shift in Dutch sales strategy which used to be oriented to reserving the gas for domestic use was "leaked" by a high-ranking official of the ministry of economic affairs around the middle of last year in Brussels. He had let it be understood that the Netherlands was interested in giving foreign customers an opportunity to buy additional quantities of natural gas. The reason he gave was that in view of expected sales Netherlands gas stocks were larger than they had ever been and that additional exports were therefore justifiable. But both the ministry and Gasunie have had to admit that there is almost no way gas exports can be increased in the short term in order to offset low income. Those foreign customers who are interested in new and additional export agreements are merely concerned with a continuation of gas imports after deliveries on current agreements and those which have a running time until the mid-nineties are completed.

The export agreements with the FRG, France, Belgium and Italy call for delivery of some 400 billion cubic meters of natural gas over the next approximately 15 years. These countries would most like to see the Netherlands maintain exports at the same levels for a few years after the current contracts run out and then rapidly reduce them. The shift to a type of natural gas different from the low-caloric Dutch variety must be effected quickly, since the facilities have to be rebuilt to accommodate it. The Dutch, on the other hand, are interested in a gradual reduction in exports because this would help cushion the shock of the lost revenues.

9478

CSO: 3620/109

## BRIEFS

COUNTRY JOINS ANTARCTIC PACT--New York. Within a short time Finland plans to sign the International Antarctic Agreement. This was announced by Minister Paavo Keisalo when on Tuesday he disclosed Finland's position on the Antarctic question in support of the UN General Assembly. The Antarctic Agreement was signed in 1959. So far 28 countries have signed it. Interest in the agreement has grown during recent years as a result of increasing scientific research concerning the natural resources of the Antarctic. In practice the agreement means complete demilitarization of the Antarctic. [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 30 Nov 83 p 2] 9287

CSO: 3650/65

## PCB AMONG POSSIBLE CHEMICALS HARMING BALTIC SEA SEALS

Stockholm SVENSKA DAGBLADET in Swedish 2 Nov 83 p 27

[Article by Lennart Lundegardh]

[Text] The male seal lying there on the still-shining autopsy table at the National Museum in Stockholm was terribly thin. An incision with the scalpel would soon reveal that his layer of fat was only 1.5 cm thick. At this time of the year, it should be between 6 and 7 cm.

This means that this ringed seal had not been well. Moreover, the skin on its face and its front flippers (forelimbs) was thickened, hairless, and covered with wounds as though lacerated by its claws. Had it been itching? Do wounds smart in the water on seals, too?

SVENSKA DAGBLADET's science reporters had a unique opportunity to be present at an autopsy on a seal. It was performed by curator Mats Olsson, who is the National Museum's seal expert, and veterinarian Anders Bergman of the Department of Pathology at the Agricultural University's School of Veterinary Medicine.

They have spent years bending over the corpses of seals that helpful coast guardsmen, police officers and coastal residents have found and sent in. Sometimes the bodies have decomposed to such an extent that morbid changes in the animals are difficult to see. But many bodies of seals (and an increasing number of them just recently) have been well preserved.

#### Afflicted Seals

In the course of the work, there has developed a shocking picture of how ill and afflicted many of our seals are.

The atmosphere in the autopsy room was strangely peaceful. The procedure is routine by now. As a result of performing about 100 autopsies to date, Anders Bergman and Mats Olsson have learned more and more about the pathology of Baltic Sea seals, a subject about which practically nothing was known previously.



The layer of fat being measured: 1.5 cm. In a normal seal at this time of year, the thickness should be from 6 to 7 cm.

#### Parasites

Anders Bergman quickly noted that this particular ringed seal had badly swollen lymph glands in its "armpits"--a reaction to the inflammatory skin changes.

The dissection of various organs and the taking of specimens proceeded at a steady pace. It turned out that the seal had intestinal parasites, but not remarkably many. The nature of the serious skin changes might indicate a virus infection, but that was something that would have to be determined by lab tests.

No other morbid changes were found in the seal. The cause of death had already been shown on the delivery note:

"Drowned in fishing net on Romel Island. Found by Bertil Jonsson of Byske just north of Skelleftea."

But most of the seals sent in have been gray seals. Anders Bergman and Mats Olsson have compiled the results of the autopsies they have performed on a total of 29 adult female gray seals. The list of their diseases makes depressing reading.

#### Sterility Common

In 10 out of 29 cases, adhesions were found in the uterus. That is 30 percent, and the percentage is rising. In most of them, the uterine tubes were completely sealed off, making the seals sterile.

The adhesions are found in the areas where the fetal membranes would be located, indicating that the phenomenon is related to development of the fetus and miscarriage.

Anders Bergman says: "Something happens during gestation to cause fetal death and spontaneous abortion. And we have noted inflammations in the uterus which in one case could have been related to the death of the fetus."

Benign tumors in the uterus are approximately as common as adhesions.

Inflammation of the kidneys affected 25 percent of the female seals autopsied. In two cases, other findings showed that the animals had died of chronic kidney failure.

Changes in the adrenal glands were found in 5 of the 29 seals. That is a clear sign of hormonal disturbances.

Local, chronic, and deep intestinal ulcers were found in seven of the autopsied female seals. In three of the cases, there were punctures in the intestinal wall, and the subsequent peritonitis was what had killed the animals.

#### Serious Handicap

Changes in the claws are a phenomenon that the scientists have seen several times in recent years. The claws are brittle and cracked or simply broken off inside the limbs. Some of the claws on one female gray seal found dead at Landsort in September were bent upward like the tips of skis instead of being cupped downward.

That is a serious handicap for a seal, which uses its claws not only to climb out of the water onto rocks and ice, but also literally to filet large fish.

Liver damage: here the scientists are waiting for more material and especially really recent seal corpses to be able to make more certain evaluations. A liver decomposes especially fast.

So that is the picture of a number of seals that died natural deaths or drowned. Is it representative of the entire population of gray seals, which in the Baltic Sea consists of between 1,000 and 1,500 animals?



A seal's claws should look like those on the foot at the top. The scientists are now finding animals with deformed, brittle, or completely missing claws, like those on the foot at the bottom.

#### Hormone Balance Disturbed

Mats Olsson says: "We cannot go out and kill specimens of an endangered species to find out for sure. Perhaps our material is not so extensive, but we nevertheless venture to draw the conclusion that a lot of sick seals are swimming around in the Baltic Sea today."

Anders Bergman says: "Many of these autopsy findings can probably be related to a change in hormone balance. And in other contexts, it has been possible to trace such changes to organic chlorinated pollutants such as, for example, the environmental poison PCB."

Each new discovery of a dead seal is tragic, but at the same time, it gives the scientists a chance to learn more about the situation of the poor animals. There is deep gratitude at the fact that people are willing to help by sending in the bodies.

The little ringed seal from Byske was autopsied in Stockholm only a couple of days after it was found. It weighed 40 kilograms when it died. If everything had been all right, it would have weighed almost 100.

11798

CSO: 3650/40

## BRIEFS

INDUSTRIAL COOPERATION AGAINST POLLUTION--The participation of industrialists in planning the "city-planning reconstruction" enterprise, drafting the framework-law for the environment and implementing the program to fight pollution in Athens was sought on 21 November by Minister of Urban Planning, Housing and Environment A. Tritsis during his meeting with representatives of the Association of Greek Industrialists (SEV) and of the Association of Attiki and Piraeus Industrialists (SVAP). More specifically, it was decided that industrialists should be activated at this time, when the urban-planning studies of all the cities are being composed, so that industrial and handicraft parks will be placed correctly. The two sides agreed, furthermore, that the technical issues of the new law on the environment should be discussed in joint committees and that the procedures for implementation of the program of action against smoke and dust should proceed. [Text] [Athens 1 KATHIMERINI in Greek 22 Nov 83 p 3] 9247

CSO: 3521/85

## WATER TREATMENT PLANT FOR MANZANARES RIVER

Madrid ABC in Spanish 8 Nov 83 p 37

[Text] The minister of public works and urban affairs, Julian Campo; the mayor of Madrid, Enrique Tierno Galvan; the vice president of the Madrid community, Cesar Cimadevilla; and a large group of personalities yesterday inaugurated in the early afternoon the central Viveros de Villa industrial waste purification plant.

Its primary mission, according to the councillor in charge of urban affairs and environment, Jesus Espelosin, is purifying all waters emptying into the Manzanares channel as they pass through Madrid. Therefore, this plant will be in charge of fulfilling the municipal promise for clear water with fish in the Madrid River.

In addition, according to the experts, the new treatment plant will eliminate or reduce in large measure the bad odors which the old Viveros center used to produce and which provoked loud protests in the surrounding area, primarily by the successive presidents of the government who have lived or live in the Moncloa Palace, located a few meters from the plant.

## Technical Data

The Viveros de la Villa treatment plant, located on a plot of 70,000 square meters, treats water for the entire northern area of Madrid (Mirasierra, Pilar barrio, La Coma, El Pardo, Puerto de Hierro...), with an approximate population of 700,000 people who, up to now, used to dump, in large measure without being treated, into the Manzanares and were responsible for the filth and bad odors of the river.

Works began in August 1981 and ended this past September. The average flow of water which it treats is 2.18 cubic meters per second, although it can handle up to 4.44 cubic meters per second.

This water treatment plant is the second to be built on the same spot. The first Viveros de Villa center was built by an agency which has fortunately disappeared, Channeling of the Manzanares, which turned it over to the Madrid city council like the whole urbanization of the river (including

irregularities such as the grandstand at the Manzanares stadium over a free-way). The water treatment plant, insufficient for the flow it was supposed to handle and with serious construction defects, never functioned well. To date it has been a source of bad odors for the whole surrounding area. The condition of the Manzanares River describes the effectiveness of this water treatment facility.

For that reason, within the integral drainage plan construction of the second Viveros treatment plant was undertaken and is the one which, with its much larger size and adequate capabilities, was inaugurated yesterday. At this juncture it is the largest of those constructed, although it will be surpassed in the future by the enlargement of La China and above all by the large Sur treatment plant.

One of the most talked about installations at the treatment plant was the production of methane gas starting with processing of mud (18,000 cubic meters daily) which is used as an energy source for running the plant, which presupposes the recovery of 70 percent of the energy used in it.

9436

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## 'ACID RAIN' HAS BEGUN TO KILL FORESTS IN SOUTH

Stockholm DAGENS NYHETER in Swedish 13 Nov 83 p 40

[Article by Thomas Michelsen]

[Text] "Every year I'm forced to cut down damaged trees here at the edge of the forest. They dry out at the top and look bad," says Claes Mattisson, a forest owner near Brakne Hoby in the middle of Blekinge.

County Forest Officer Gustaf Fredriksson says: "It's the polluted air that is affecting your spruce trees."

The fact is that the European "forest death" has reached southern Sweden. For many years it has been forcing the owners of forests on exposed land to remove damaged trees.

Gustaf Fredriksson says: "More and more of the felling is going to be determined by the damage that is done."

The sick spruces with their sparse or dead crowns stand on high ridges and at the edge of forests. They are usually older trees, and most of them are spruce firs over 70 or 80 years old.

They are found in scattered locations in Blekinge and on the west coast. But it still takes an expert or someone very familiar with the area to find the visible traces of forest death.

Moreover, most forest owners try to do what Claes Mattisson does: cut the sick trees down and sell them before the timber is ruined.

## Inventory

No one knows how close Sweden is to a forest catastrophe like the one now affecting the FRG, where the damage has spread through the forests at breakneck speed over the past 2 or 3 years.

Only now is the Swedish Board of Forestry beginning a first urgent inventory of the damage done to Sweden's forests.

What is known, however, is that the level of several pollutants dangerous to forests is rising in southern Sweden. The levels being measured there are approaching the level in the FRG.

Current research also shows that the forest soil in southern Sweden has become much more acid over the past few decades. Acidification of the soil is one of several concurrent reasons for the forest stress disease known as forest death.

Acidification is a slow and, at first, imperceptible process. Long-term data are needed to be able to discover changes. Prof Carl Olof Tamm has had the benefit of measurements taken by his father in 1927.

#### Soil More Acid

In a forest area in Simlångsdalen in Halland, his father had measured the degree of soil acidity in a very large number of places. Scientists are now going back to those exact spots and taking new measurements.

Carl Olof Tamm, who works for the Forest Ecology Division in Ultuna, says: "We are finding that the soil has become considerably more acid. This has occurred regardless of the species of tree growing in the soil. We believe it is due to acid precipitation. We have just started making similar comparisons with old measurements in Norrland. There the acidification does not seem to be nearly as bad."

And in fact, the pollution reaching Norrland's forests totals only a fraction of that affecting forests in southern Sweden.

Prof Folke Andersson, who is a systems ecologist at Ultuna, says: "We must take a serious view of the damage we are finding in the forests of southern Sweden. It is important that we keep a careful watch on the forest stands. Damage from gases such as ozone can happen very quickly. Like the FRG, we also have high ozone levels."

Folke Andersson places particular emphasis on the constantly increasing threat from nitric oxides in the air.

He says: "Since 1940 or 1950, the nitric oxide level has doubled. If things continue as they have so far without anything being done, the nitric oxide level in the air will double again over the next 25 years."

#### "Artificial Fertilizer"

At first, nitrogen precipitation acts as a gentle rain of artificial fertilizer over the forest. But when the forest is saturated and cannot absorb more, the nitrogen acts as an acidifier.

"I would not be surprised to see damage to the forests spread in southern Sweden over the next few years. It may become significant locally. But farther up in the country, there is no imminent catastrophe," says Jan Remrod of Kornas Marma, who coordinates measures by the forest firms to counteract forest death.

Remrod says: "But we are slowly taking away the forest's ability to resist the pollutants. What is uncertain is how long it will take. There has been talk of adding more deciduous trees to the forest. But all that will do is postpone the catastrophe for a few decades."

#### Aluminum

Jan Nilsson, who coordinates the Environmental Protection Board's research in this field, says: "Here we are finding the same high aluminum content in the water in the soil that we know is damaging tree roots in the FRG."

"We know too little about ozone gas. But we are measuring levels here that are not noticeably different from the levels known to be damaging crops in the United States and the FRG."

Ozone is formed by the effect of sunlight on nitric oxides.

Jan Nilsson says: "The high ozone levels mean that we must keep an eye on auto exhausts. Automobiles produce 60 percent of the nitric oxides."

#### Conifers Hardest Hit by Air Pollution

The forest takes nourishment not only from the soil. The trees also absorb substances they need for growth from the air.

Some of those substances are collected directly through the crown. And others are washed by rain from the needles and leaves down to the roots under the tree.

It is the latter process which has become the forest's misfortune now that man is sending out unbelievable quantities of pollutants to be spread in the air. And those hardest hit are the conifers, which keep their needles as a filter of air and wind throughout the year.

The nitrogen in the nitric oxides released in car exhausts is an important nutrient for trees and other plants. But when the forest has received enough, the rest of the nitrogen enters the soil as nitric acid and turns it acid.

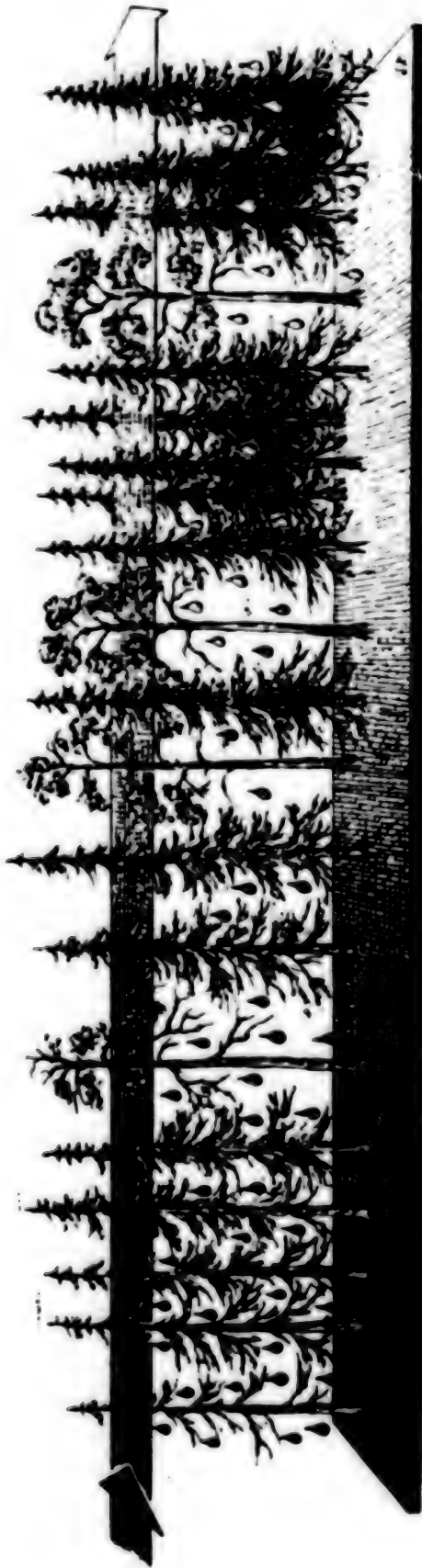
The trees absorb sulfur and sulfuric acid from the air in the same way. They can use only a minute amount, and most of it goes on to make soil and lakes more acid.

People talk about acid rain. But most of the substances that may be useful in small quantities are dry. When their volume is too great, they become harmful to the forest.

Material in the form of gas and particulates collects on the tree crowns--mostly on conifers--from where it is washed down into the soil by rain.

#### Only a Fraction

The Institute for Water and Air Pollution Research [IVL] in Goteborg has measured the amount of nitrogen and sulfur that the trees can absorb from the air.



A forest completely absorbs air pollutants. And almost all pollutants get caught on the first trees at the edge of the forest or on trees higher than the rest. The grove shown in the illustration is located on the west coast, with the wind coming from the west (the left side of the illustration).

By measuring the dripping under the trees in the grove, scientists at the IVL have explained why trees at the forest's edge and others in an exposed location are the ones first attacked by forest death: they are the trees that absorb the most pollutants from the air.

Rain washes the pollutants down from the tree crowns to the soil, with the result that the soil under the trees that have absorbed the most pollutants is affected most. Twice as much sulfuric acid and three times as much nitric acid are washed down under the trees at the forest's edge as are deposited 50 meters farther into the forest.

Rain falling directly from the sky contains only a fraction of the amount of sulfur and nitrogen contained in droplets falling through the tree crowns.

At Gardsjon north of Goteborg, for example, between 9 and 10 kilograms of sulfur per hectare are deposited directly by rainfall. Under the crowns of old spruce forests, the figure is three times as high: 27 kilograms per hectare. This represents what the spruces have collected on their needles in the form of dry deposition, and it does not reach the soil until it is washed down by the rain.

At first, the acid water reaching the ground under a spruce forest may leach nutrients from the soil so that the tree roots find it easier to get at them. Prof Carl Olof Tamm and others have shown that sulfuric acid may improve forest growth at first. But after a number of years, growth begins to deteriorate instead.

The reason is that after a time, the acid washes away important nutrients, and the trees suffer a deficiency. In place of those nutrients, the acid may leach substances from the soil that are poisonous to the trees, primarily aluminum and heavy metals.

A study started at the IVL by Hans Hultberg and Bengt Hasselrot shows how a grove of trees functions as an air filter. The trees at the edge of a forest, which are the ones most exposed to wind, filter most of the pollutants from the air and are therefore the first to be damaged. See the illustration on the preceding page.

11798

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**LEAD FROM AUTO EXHAUSTS FOUND POLLUTING WATER COURSES**

Stockholm SVENSKA DAGBLADET in Swedish 22 Nov 83 p 11

[Text] Lead from auto exhausts is polluting the water courses more than what was previously known. The levels of zinc, copper and cadmium in the water are probably also increasing as a result of growing automobile traffic.

This is evident from the report "The Effect of Traffic on Day Water" from the traffic unit of the Environmental Protection Board.

Day water is the rain and melted snow which is returned to nature by our streets and other hardened surfaces. In densely populated areas the day water is conducted through pipes in the ground directly into lakes and other water courses--usually without purification.

'Clear Link'

"There is a clear link between too much traffic and a high level of lead, above all, in the day water," says staff engineer Marianne Pettersson at the traffic unit of the Environmental Protection Board.

"Such a connection is also likely to be found in the water courses which receive this day water," she says.

Measurement results from Swedish tests show large differences in the lead content of day water. In residential areas with low, open dwellings 60-220 micrograms of lead per liter day water have been measured. In more densely settled areas the contents were 120-220 micrograms per liter. In areas with dense traffic, on the other hand, the contents were between 190 and 850 micrograms per liter.

The mean value of the maximum lead contents measured in the various areas are 260, 781 and 1,281 micrograms per liter.

Brakes

The major part of the lead comes from auto exhausts. Brakes, tires and road surfaces also give off pollution, however, primarily zinc, cadmium and copper.

"The zinc and cadmium levels in day water show a tendency to increase with greater traffic intensity, and for copper there is an indication of an increase," Marianne Pettersson says.

"As yet we do not know how these metals affect plant and animal life in the lakes."

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